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ABSTRACT

Strategies regarding retrenchment in higher education are examined in three papers and commentaries. In "Basing Public Policy on Student Achievement: A New Agenda Item," Francis Keppel recommends that the federal government undertake a program of acquiring data on student achievement in certain areas of the college curriculum to provide policy-makers with information on what is being learned, how well, and how it compares to past performance. It is advocated that this data be used also in the accrediting process and in decisions regarding institutions that may not survive. Commentaries on these proposals are made by Willard L. Boyd, Alice J. Irby, Elizabeth H. Johnson, and Thurston E. Manning. In "New Roles for the States in Monitoring Higher Education," Carl Kaysen and the Sloan Commission on Government and Higher Education present recommendations on the role of the states in insuring quality and variety in a time of retrenchment. The recommendations center on the composition of state higher education boards, peer reviews, minimum standards of academic conduct, and faculty collective bargaining. In "The Management of Universities of Constant or Decreasing Size," Richard M. Cyert discusses the problems and options faced by higher education institutions whose enrollments are constant or decreasing. He emphasizes that universities must readjust their thinking about equating growth with success, and revise their management techniques to fit the demands of a contracting, rather than expanding organization. (SW)

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1980 NO. 6

Current Issues In Higher Education

Strategies for Retrenchment: National, State, Institutional

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American Association for Higher Education

AAHE

The American Association for Higher Education is a national organization open to all individuals concerned with the value and effectiveness of higher education. Each year AAHE's National Conference on Higher Education brings together some 2,000 educational administrators, faculty, students, representatives of accrediting and testing agencies and education associations, government and foundation officials, and others, to discuss common concerns, disseminate effective educational practices, and focus on the future of higher education. The theme of the 1980 Conference was "Improving Quality During Hard Times: An Action Agenda."

The papers presented at that meeting form the basis for this publication. These papers were reviewed by a committee of AAHE members and 17 were selected for publication in this series. They have been grouped into six volumes published serially. Each volume focuses on one aspect of the quality improvement problem: improving teaching; the role of two external agencies; declining faculty salaries; new models for general education; the contributions of adult development theory; and national, state, and institutional strategies for retrenchment.

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Foreword

Implicit in the idea of "improving quality during hard times"—the theme of the 1980 AAHE Conference—is the necessity for retrenchment. The papers in this monograph propose retrenchment-directed strategies for three major actors on the higher education scene: the federal government, the states, and the institutions themselves. Each paper focuses on new approaches to preserving the best of higher education in a challenging, often hostile, economic and political environment.

Francis Keppel recommends that the federal government undertake a program of acquiring data on student achievement in certain areas of the college curriculum to provide policymakers with information on what is being learned, how well, and how it compares to past performance. He urges that this data be used also in the accrediting process and in decisions regarding institutions in danger of going under. Commenting on Keppel's proposals are a university president, members of the testing and accrediting communities, and a representative of a statewide coordinating board.

Carl Kaysen, vice chairman and director of research for the Sloan Commission on Government and Higher Education presented to the AAHE Conference the Commission's recommendations on the role of the states in "insuring quality and variety in the face of retrenchment." The recommendations center on the composition of state higher education boards, peer reviews, minimum standards of academic conduct, and faculty collective bargaining.

Richard M. Cyert, president of Carnegie-Mellon University, discusses the problems and options faced by higher education institutions whose enrollments are constant or decreasing. He emphasizes that universities must readjust their thinking about equating growth with success, and revise their management techniques to fit the demands of a contracting, rather than expanding organization.

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that the state must have the power to intervene when local situations get to the point of immobility and/or eroding standards. The situation in New York City in 1968-69, for example, required Commissioner Allen to move in, and in the end led to decisions by the state legislature on decentralization.

The state must have the power to assure that minimum schooling standards are maintained by local authorities. If such standards are not maintained, and if, after due warning and the provision of what the state believes to be needed extra funds, the local authority is unable to raise the standards, the state should have authority to require the locality to face up to its problem, if necessary by removing the local authorities. Even the threat of such action would ordinarily be enough for the start of reform, and the action itself should be rare indeed. But the lack of such a monitoring and triggering device has cost us dearly in quality already.[2]

This proposal was not followed, and very few local authorities have thus far been removed by state authorities in order to assure "minimum schooling standards," although some schools have been taken over by federal courts because they failed to carry out racial desegregation.

But there has been another development that may carry implications for higher education in the 1980's. Thirty-four states have become so concerned about the low quality of learning in the schools that they are establishing some kind of standard, usually for graduation from high school. As is so often the case, it may well be the student who suffers the penalty of poor performance, and not the school, but the fact remains that the public, expressing its views through the political process, is demanding higher standards, at least at the bottom.

In this matter the public is not acting without evidence. The National Assessment of Educational Progress, operated under the direction of the Education Commission of the States, reported that "overall mathematics achievement declined from the first assessment of 1973 to the second of 1978 . . . and declines are more marked for the older students. On the average, 17-year-olds in 1978 performed four percentage points lower than 17-year-olds in 1973."[3] Similar data has been reported in other subjects. These findings, along with widely publicized reports of College Board scores, while perhaps misunderstood, lead the public to the same conclusion.

Is it possible that in the 1980's the public may reach similar conclusions about the quality of student performance in higher education and take similar actions? Will the states establish some kind of standard of quality?

The circumstances, of course, are different. While states have major responsibility for higher education, methods of both governance and finance differ notably from the schools. However, we have had enough experience at the school level to know that schools can indeed be closed by local authorities in response to reduced numbers of pupils, even if not for reasons of quality. Will the decline in the number of students have the same effect in higher education? Will some other methods have to be established for handling the possible closing of colleges, and for maintaining or raising quality?

The present situation in higher education

In assessing the present situation in higher education with regard to issues of quality and of quantity, it is natural to turn to the series of Carnegie reports issued under the distinguished leadership of Clark Kerr. Many of you will have noted the

Basing Public Policy on Student Achievement: A New Agenda Item

Francis Keppel

We think in decades, forced into the mold of the calendar. The compulsion to look back and to look forward in packages of ten seems inescapable.

To get a running start, let me take you back to 1960. In those days we were already launched into the extraordinary growth of numbers enrolled in higher education in the United States. At that time, my life took me into association with British and Nigerian colleagues to advise the Nigerian government on the development of its system of higher education upon achieving independence. One of our constant topics of conversation was whether it would be possible to maintain good academic standards while rapidly expanding numbers—in Britain, in Nigeria as in the United States.[1] It is fair to report that there were grave doubts. Quantity and quality, it was thought by many, did not mix effectively. The more quantity, the less quality. To some it seemed inevitable that numbers would and should increase for reasons of political and social policy and that lower quality was an acceptable price to pay. Others felt the price to be too high. Still others, often the Americans, thought that one could have one's cake and eat it too, especially if one measured quality in more flexible terms than the usual academic.

But I can recall no discussion whatever of the possibility that reduction in quantity would bring a reduction in quality—i.e., the smaller the worse. Yet that seems, 20 years later, to be the topic of conversation in the United States in 1980. Many foresee the possibility that, by 1990, American higher education at its average (though probably not at its top) will allow lower standards of academic performance than is true in 1980. I will return to this topic later in these remarks; let me only note there that neither in Nigeria in 1960 nor in Washington in 1980 do we have comparable data on which to base our judgments.

Some lessons of the 1970's from the schools

By the late 1960's, it was not difficult to foresee that the elementary schools would have to face a reduction in numbers in the 1970s, to be followed in due course by a reduction in the secondary schools. We now find ourselves at the point where that smaller generation of students is entering higher education. In the same fashion, even a decade ago it was not difficult for observers to realize that the issue of quality of student performance in the schools would be a matter of serious concern, for a variety of reasons including the erosion of standards in many city schools. Let me quote from one such assessment:

> *It seems clear that the state must take a far more active role in the future than it has in the past. The turmoil in the schools has shown*

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language used in the final Carnegie report entitled *Three Thousand Futures: The Next 20 Years for Higher Education:* "A downward drift in quality, balance, integrity, dynamism, diversity, private initiative, and research capability is not only possible—it is quite likely." But after this cheery note the Carnegie Council was charitable enough to go on to say: "But it is not required by external events. It is a matter of choice and not just fate."[4] The rest of my remarks will consider what some of those choices may be.

The question of quality in higher education is of relatively recent origin. The Carnegie Survey of 1975-76 reported that, "Students are satisfied with the instruction they receive. Seventy-two percent of undergraduates report that they are satisfied with the teaching they have had at college," and further that "students are learning as much as ever. Despite continuing declines in the qualitative and quantitative scholastic aptitude test scores of high school seniors, the 'value added' by colleges has remained constant or increased over the years since 1966 as measured by scores on the graduate, business, and law school admission tests."[5]

Apparently there is now increasing doubt about this latter statement on "value added" by colleges. The same Carnegie report is concerned with what it called "academic dishonesty," noting an increase in cheating to get higher grades, in the proliferation of off-campus and out-of-state programs, and in easy grading. "Between 1969 and 1976, the proportion of students with A and B gradepoint averages rose from 35 percent to 59 percent and the proportion with averages of C or less declined from 25 percent to 13 percent."[6]

And it is not only the quality of the work done by students but also the kind of subjects being studied that gives rise to concern. A 1979 research report on *Occupational Programs in Four-Year Colleges* states:

> *Students continue to shift away from traditional liberal arts subjects to areas that offer more direct career preparation. In a study by Glenny from 1968 through 1974, more than half of the institutions offering courses in vocational/technical fields reported increased enrollments. In less than a decade, a majority of students have shifted from liberal arts programs to programs with more of a career focus.*[7]

This reduction in the time spent studying the "liberal" education curriculum is related to two other issues: the role of higher education in educating for citizenship in a troubled nation and planet, and its role in preparing students for personal intellectual and moral growth. Not only those who teach these subjects are concerned about the trend; observers of the national scene from outside colleges and universities are beginning to make their views in this area known. It seems reasonable to suppose that higher education has responsibility for civic education as do the schools. An accounting may be asked in the coming decade. Will we have the data to make the report?

Turning now to the much-discussed question of numbers of students and of expenses in the 1980's, let me recommend to you the remarks made by another wise observer of the scene, Harold Howe II of the Ford Foundation. Surely he encounters more rhetoric than most and has to translate it into figures and decisions. This is what he has said:

- *The problem of declining numbers will hit American colleges particularly hard because it will be accompanied by special difficulties from other sources.*
- *Inflation hits them harder than most other enterprises, because it*

is harder for them to pass on cost increases to their customers and because they can't do much to improve their efficiency.

- *Most of the so-called "fat" in college operations has been eliminated in the 1970's as management has improved and as college budget practices have been sharpened to offset recent rounds of inflation.*
- *State legislators and other guardians of the public purse don't feel as positive about colleges as they once did, and competition for the public dollar is going to be tougher in the 1980's than it was in the 1960's and 1970's.*
- *Negative attitudes toward colleges and college-going are augmented by the overemphasis from the press and other media on the findings of professors and other researchers about the declining dollar value of a college education. This undue negativism about only one aspect of a college education is already compounding the tightfisted attitudes of the aforementioned guardians of the public purse.*
- *Colleges cannot reduce their expenses in proportion to declines in enrollment, so they will be in the embarrassing position of needing added funds while educating fewer students. They will find both private donors and public officials skeptical about their requests.*
- *These observations about inflation, costs, efficiency, and public attitude when added to what has already been said about enrollment, make the future look gloomy indeed.*[8]

In the same remarks, Mr. Howe turns to the question of whether the decline in enrollment will hit the country's colleges equally. The answer, he says, is "No"—it will hurt private colleges more than public institutions, and its impact will differ from one geographic region to another.[9] He goes on to say:

> *The 1970's, according to a recent report, have seen the closing of 129 independent colleges, the merger of 42, and 17 shifted to public control. While these 188 institutions were losing their identities, 64 new ones were founded for a net loss of 124. Public institutions generally are not allowed to close.*[10]

Mr. Howe's overall judgment is as follows:

> *The general situation can be described in four statements: (1) Many private colleges now have vacancies and a growing number of them may be forced to close in the years ahead; (2) Many public colleges also have vacancies but are less likely to be closed by public authorities; (3) The public and private colleges are girding for battle in state planning bodies and state legislatures where they compete for funds; (4) They also are competing outside the halls of government to attract students by any means available, sometimes without regard to educational values.*
>
> *The levels and nature of competition we now are seeing both between the public and private sectors of higher education in the United States and between and among colleges within each sector are beginning to display some of the same negative characteristics. Unless something is done to reduce excessive and irresponsible competition in the coming years of enrollment contraction, I suspect that we shall see the operation of Gresham's law in the field of higher education.*[11]

The various observers, it seems to me, reach the same conclusion: We have to worry. With lower numbers may come lower quality. But that is not all. With lower quality may come less support, either public or private, and perhaps still less quantity. It is not a pleasing prospect.

A matter of choice: whose choice?

You will recall that the Carnegie Council, faced with this gloomy conclusion, pointed out that there was still choice. But before deciding what choices, there is the troublesome matter of what group will or should make the choices. In the final event, it would probably be agreed that the public, acting through its political representatives, will make the essential decisions if no other group has stepped up to the job. But few seem to be enthusiastic about relying on the political process alone, without some mediating instruments at the least to prepare the agenda, and at the best to make many, if not all, the tough decisions. The Carnegie Council's final report makes it clear, for example, that it believes that higher education itself should take the initiative in making choices, at least in part to avoid "the heavy hand of government." "More important than state and federal action is action by the institutions themselves. Their future is mostly in their own hands."[12] Hence the title of their report: *Three Thousand Futures.*

Having said this, however, the Council recognizes that, in the period ahead, state government will be taking on new initiatives and responsibilities for the welfare of higher education.[13] While recognizing the need in a period of contraction for states to insist on the closing or merging of some institutions, and the reduction of duplication among others, the Council suggests that reliance be placed mainly on the student market. In words that might have astonished Adam Smith, it says that, "we suggest maximum constructive use of the student market to guide contraction." The hidden hand is to be guided.[14] The Council further expresses doubt about state-mandated review of academic programs, preferring those conducted by the institutions themselves, by accrediting agencies, and by students making their choices.[15]

In effect then, the Council points to three sources of decisions: the institutions, the states, and the students. The students, it is assumed, will make rational decisions in their own interest if they have the facts about the institutions. The insitutions will make rational decisions, it is hoped, in their own self-interest if they have the facts to interpret. And the state will make choices based on public interest, once again if it has the facts about the role of higher education in the furthering of that public interest.

Obviously all three of these processes are going on today. Can we make any estimate, on the basis of evidence presently available to us, of what the present trends are that may carry on in the coming decade? I have already quoted the judgment of Harold Howe about probable effects on different types of institutions of higher education. The selection made by students is being watched with the care of the television industry studying the Nielssen ratings, and an amateur steps into that thorny issue at his own grave risk. When it comes to action by state governments, one can find a number of trends, diverging from one another.

The Board of Regents of New York and Louisiana, for example, in recent years have been reviewing advanced academic degree programs. In the case of Louisiana, the programs that were terminated were those whose continuation the regents could not justify, "whether in terms of quality or of student demand." Their judgment on quality was affected, in the case of the graduate study of education for example, by the troubling finding that the programs did not meet the standards of quality maintained by other graduate programs. At a meeting in

December 1979, the Regents retained 157 programs and terminated 58.[16] New York for several years has been studying its doctoral programs in both public and private higher education institutions, using teams of academic and professional visitors and review panels, to decide on what programs should be maintained and terminated. All the judgments on quality are made by individuals from outside the state, by the way. As far as I can tell, neither state makes use of the accrediting associations as a part of the process. This scarcely fits with the thrust of the recommendations of the Carnegie Report.

There is, of course, evidence that institutions themselves are taking the initiative to assure quality. The University of Georgia system, for example, has been administering a sophisticated network of competency tests on literacy for the past eight years. Taken at the sophomore level, the results govern graduation from junior college or admission to junior or senior classes. So far the Georgia system seems to be alone, but it is thought that other states may follow its lead.[17] And there are, of course, almost countless actions by institutions or parts of institutions designed to maintain or raise the quality of student performance under their jurisdiction.

Aside from state and institutional action there is their joint action in accreditation: joint in the sense that much state and federal action in effect depends on higher education measuring its own standards and policing its own affairs through the accrediting bodies that it controls. Apparently this method, even when potentially supported by other means, did not satisfy New York or Louisiana when it came to graduate programs. Perhaps this is another trend that deserves consideration as one looks to the 1980's.

What some of the choices might be

The Carnegie Council's checklist of proposals for policy and programs seems eminently sensible and practical. The purpose of my remarks today is to suggest other steps that might make these proposals more effective. Let me put my suggestions under three headings:

1. Will the present sources of data be adequate for students, institutions, accrediting associations, and state governments to make the choices that each will have to make in the 1980's?
2. Will the present method of making decisions of whether institutions should continue, or be merged, or die be adequate for the 1980's.
3. Will the present governance and methods of accrediting institutions and programs be adequate to assure that the public interest is served, and adequate to maintain the public confidence in higher education in the 1980's?

To each of these my answer has to be "no." If we are to reverse Harold Howe's foreboding that we may see the operation of Gresham's law in the field of higher education, we will at least have to have evidence on the good and bad. And despite the rhetoric and generalization that we have all used, we do not have the kind of detailed and comparable information on student performance that supports our statements. We do not have available trend lines to tell us whether what students achieve in higher education is improving or deteriorating. We make judgments on college quality by an interesting mixture of information on the quality of those who enter, the judgment of academics on the scholarly capacities of their peers, and a kind of gossip created by counsellors, news reports, and the

student grapevine. The elementary and secondary schools now have available (though they have not used it adequately) the reports of the National Assessment on Educational Progress on national and regional trends. But we have no direct way of comparing student achievement in types of institutions of higher education, in institutions within those types, or estimating whether students are adequately prepared for their civic responsibilities.

The basic policies proposed by the Carnegie Council depend on judgments made by students and institutions and government. Such judgments depend on facts not now available in adequate form, but more important not available in *comparable* form. We do not use the British pattern of asking outsiders to examine students. Without comparable data the notion of competiton on which so much of the Carnegie policy rests may not be effective.

From these considerations I conclude that higher education should initiate for its own best interests a method of *sampling* student achievement in general education and in the civic education aspects of its undergraduate programs. Please note that I do not suggest that all students be assessed on all subjects: quite the opposite, a small sample of students should be assessed every few years, usually on one subject only, chosen from the familiar list of language and writing, mathematics and science, history, social science and foreign affairs. We do not need data on individual students in order to make policy and programs: instead, we need a reasonably accurate picture of what is being learned in the state and nation, how well, and whether we are doing better or worse than in the past. Such data can guide policy decisions by higher education in general, and by state governments in decisions on governance and financing. I believe that the record of the National Assessment for the schools suggests that this can be done for higher education.

The students, of course, need more detailed information. They need to compare institution by institution and often program by program. The National Assessment program has not been used for a comparable purpose, school by school, though some states and school systems are beginning to release data on individual school performance. I do not know if data could be assembled institution by institution at the higher education level that would be trustworthy and meaningful to potential students making their choices. I can only urge that a vigorous effort to try out the idea be undertaken on an experimental basis over a period of years to see if the opportunity for comparison improved the results of the competitive policy.

In effect, I am recommending the creation of a program in higher education comparable to the National Assessment of Educational Progress for the schools. Basic to this program is the creation of exercises designed to assess student achievement by scholars and teachers *and* by representatives of the public interest. The key question with National Assessment is "how well are we doing" nationally, by region, by age, by sex and race, and in other categories. A few states are following the National Assessment lead and are slowly moving toward school comparability. It has taken 17 years for National Assessment to get to its present stage, despite vigorous foundation and, more recently, government support. I do not think higher education has that much time. I urge that a start be made as soon as possible.

You will notice that I am suggesting such an assessment for the general or liberal and civic aspects of higher educational programs. It seems to me that the professional and technical programs are being more rigorously analyzed by a variety of means and perhaps do not require a comparable method of assessment. But I may well, of course, be wrong and this issue should be considered at another time.

Decision-making mechanisms

My second question had to do with whether the present methods of making decisions on whether institutions of higher education should continue, or be merged, or die, will be adequate for the 1980's.

To begin with, no single method is being used. States vary enormously. Some institutions simply die for lack of student and financial nourishment. Some are rescued. Some decisions seem to be made on purely political grounds, such as the power of the state legislator who happens to represent the district whose economic life would be affected by the closing. Other programs, as in the case of Louisiana, are judged in terms both of quality and of student demand.

If the estimate is correct that the coming decade will see a number of closings or mergers, it seems reasonable to suggest that both state governments and accrediting associations prepare themselves *in advance* with administrative structures, procedures, and personnel to make the decisions. In some states, of course, these may already be in place, but I suspect that in many others a crisis may arise without the machinery to deal with it. My own preference would be to establish a group for these purposes before the crisis comes—in a time of quiet—that would represent the executive and judicial branches, higher education, the accrediting associations, and the general public.

Such a group should decide in advance on the data it needs to make a decision: data on enrollments, on finance, on general institutional quality and, I hope, on student achievement. If a sample method of national assessment has been devised by that time, students in the institution at risk could be assessed to give the group a measure of the quality of what has been learned in comparison to other institutions. With luck, perhaps enough time could be found to create support from alumni and friends to rescue or reform the institution. In any case, more rational decisions would be possible than if each crisis were handled separately, at the last minute, and on the basis of inadequate information.

At this point it may be useful to consider that dread word "accountability." Let me divide it into two parts: "account" and "ability." I have so far been talking about the need for good information on quality of student achievement if we are to make a good "account," both in the sense of a report and in the sense of an explanation of what is happening.

I take the second half of the word—"ability"—to mean that the authority that exercises "accountability" should have the ability to take action as well as to account and to decide. This aspect of the problem is obviously not the focus of my remarks today. I raise it now only to point out that the crisis management group to which I referred earlier should perhaps be given financial or other powers, as well the responsibility to account and decide, presumably with the concurrence of political authorities when appropriate. The same methods of decision and treatment, it would seem to me, should apply to both public and private institutions, although that is up to the private institutions. And quality considerations must lie at the base of judgment. Stephen Bailey put it well in a piece in the *Chronicle of Higher Education* on January 28, 1980. He makes a series of recommendations on ways and means to improve academic standards and closes his essay with these words:

> *—something along these lines is imperative if we are to rediscover the fact that standards are essential to the long-range health of our academic life, and if we are to stop carving each other up in the name of egalitarianism, consumer convenience, careerism and sophisticated marketing strategies.*[18]

A question of public confidence

The third question earlier was: "Will the present governance and methods of accrediting institutions and programs be adequate to maintain the public confidence in higher education in the 1980's?

Clark Kerr, in a press conference at the time of the issuance of the final report of the Carnegie Council, was quoted as saying:

> *One of the most serious issues facing higher education is how well the accrediting associations will measure up. If they don't come through and do a better job, then it will be a very bad time for higher education.*[19]

The Council's final report itself recommended that the accrediting agencies need to start using "more meaningful standards in academic areas" and to add "consideration of competitive practices that reduce academic integrity." In general the report concluded that "better performance by the accrediting association is the best defense against establishment of more direct governmental controls."[20]

Obviously, I agree heartily with the need for more meaningful standards in academic areas, and I have recommended the establishment of a fact-finding, sample method of obtaining data on which state and institutional standards can be built. Accrediting judgments should use such measures, taken by a sample of students at the institution under review. But such measures alone clearly are not enough. The periodic visits and reports on the institutions must continue with even greater vigor. There are all sorts of ways of assessing quality; no single measure is adequate. But data that make comparison possible is essential.

Also essential, in my judgment, is participation in accreditation by the public, not only in the visitation of campuses but also by membership on the governing boards of accrediting institutions. Whether or not these institutions are engaged now in collusive self-protection for the benefit of their educator owners and directors is a current subject of discussion and debate. It does not seem to me crucial to decide this issue now. What is crucial is to recognize that important sectors of the public and of government *think* that it is true. They doubt whether accrediting institutions are capable of fratricide, or even of vigorous programs of of public health.

Public and government alike, it seems to me, are more likely to have confidence in the self-discipline and self-assessment of higher education if the public is represented in all aspects of this effort, specifically including the governing boards, and in substantial numbers. Such individuals can bring a more detached view of the national need for general and civic education, for example. They can be relatively free of academic self-interest and self-destruction, two qualities which may often be denied by the academic world but which often seem present. When combined with the qualitative data on student accomplishment, the requirement that institutional reports be made public and available to student and government alike, such public representation could lead to greater public confidence in higher education.

Without such confidence, the 1980's may see a rapid increase in government regulation and standard setting. The risk of political interference into academic freedom may increase. Educational diversity may wither, and what has been called academic dishonesty may thrive. None of these results is inevitable or perhaps even likely. But they seem to me likely enough to urge that institutions of higher education, accrediting associations, and state governments confer immediately and begin to plan for the programs of assessment, of crisis management, and of public representation that I have suggested.

Given my background, which includes a spell as a federal government

bureaucrat, you may be surprised that these remarks contain so little about federal responsibility and action. It does not imply that the federal role is unimportant—which of course it is—but rather that the issues we have been considering here are probably better handled at the institutional and state levels in our federal system of government. There is much that the federal government must do, as the final Carnegie Report makes clear. In my perhaps prejudiced view, the federal government has a lot to be proud of in its record in recent decades, both in action and in self-restraint. The present tendency to blame it for whatever goes wrong is human if not necessarily wise or accurate. Certainly it should not be blamed if institutions or states neglect their own responsibilities.

The three nuts-and-bolt suggestions that I have ventured to make here are obviously only a small part of the agenda for the 1980's. They are made in the hope that they will make it possible to help carry out the essential tasks that lie ahead. This is no time to despair of the future of one of this nation's most remarkable accomplishments: its program of higher education. We can have quantity and quality, diversity and efficiency, academic freedom and contribution to the public interest. We can, that is, if we get the facts and face them.

Notes

1. The result of our efforts was a report entitled *Investment in Education*, Federal Ministry of Education, Nigeria, 1960. To give a sense of the passage of time, it should be noted that the Report cost 5 shillings and that we noted on page 1, that "The Nigeria of 1980 is almost beyond the horizon of our imagination." In fact, it was beyond. And the title of the report, *Investment in Education*, suggests our touching faith in those days in the economist's theory of the return on investment in education.
2. Francis Keppel, "Education and the Innovative Society" (address presented to the Canadian Education Association, Toronto, Ontario, 1969), pp. 8-9.
3. National Assessment of Educational Progress. *Spotlight*, XII (December 1979).
4. Carnegie Council on Policy Studies in Higher Education, *Three Thousand Futures: The Next 20 Years for Higher Education* (San Francisco: Jossey-Bass Publishers, 1980). Quoted in *Chronicle of Higher Education*, January 28, 1980, p. 4.
5. Carnegie Council on Policy Studies in Higher Education, *Fair Practices in Higher Education* (San Francisco: Jossey-Bass Publishers, 1979), pp. 2-3. The second quotation notes studies by Manning 1976 and Boldt 1977.
6. *Ibid*, pp. 4-5.
7. Dale F. Campbell and Andrew S. Korim, *Occupational Programs in Four-Year Colleges: Trends and Issues*, AAHE-ERIC/Higher Education Research Report No. 5, 1979 (Washington, D.C.: American Association for Higher Education, 1979), pp. 8-9.
8. Harold Howe II, *"Colleges in the 1980's"* (address presented to Salem Academy and College, Winston-Salem, N.C., February 7, 1979), pp. 8-9.
9. *Ibid*, p. 8.
10. *Ibid*, pp. 10-11.
11. *Ibid*, pp. 14-15.
12. Carnegie Council, as quoted in *Chronicle of Higher Education*, p. 12.
13. *Ibid*, p. 10.
14. *Ibid*, p. 11.

15. *Ibid*, p. 11.
16. State of Louisiana Board of Regents, press release, December 5, 1979, pp. 3, 4, 6.
17. *Change*, October 1979, p. 10.
18. Stephen K. Bailey, "Going 'Cold Turkey' on Higher Standards," *Chronicle of Higher Education*, January 28, 1980, p. 64.
19. Carnegie Council, quoted in *Chronicle of Higher Education*, p. 12.
20. *Ibid*, p. 11.

Commentary

Willard L. Boyd

While I share Dr. Keppel's concern that general education has taken an inferior position to specialized education, I do not believe we can, or should, test students to determine how well higher education is "educating for citizenship in a troubled nation and planet" and "preparing for personal intellectual and moral growth." In a pluralistic America I do not want to encourage comparability in institutional approach to "civic education."

Unlike other countries, our higher educational effort is decentralized. Its strength lies in its diversity, its lack of system. Even though peer pressure fosters institutional conformity, college and university missions have greatly diversified so that now we speak of postsecondary rather than higher education. There cannot be, and there certainly should not be, a general education status quo or "return to normalcy." Definitions of general education differ and they change over time.

Ours is an increasingly diverse society. As more people participate in national and international affairs, we must work with differences of opinion more often than consensus. Increasingly, we are rejecting the notion of melting pot. In diversity, as well as in union, there will be strength. Colleges and universities do not exist in a vacuum of former times. Their academic autonomy does not require or justify isolation from society. If college graduates are to be able to adapt to changing career and lifetime needs, their perspectives must be enlarged and their minds opened. There are many truths in a pluralistic society. Any social or economic question can be solved in a number of ways. There is no single best general education curriculum. Differences should be encouraged.

For these reasons, I am opposed to a national "assessment" or "testing program" that would tend to standardize general education in American colleges and universities. On the one hand, I can comprehend a national assessment test on collegiate mathematics achievement. On the other hand, I cannot comprehend "a method of *sampling* student achievement in general education and civic education aspects of its undergraduate programs." I have grave reservations about our ability and right to norm general educational objectives on a national basis. This would clearly involve value judgments about which there are great national differences.

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Commentary

Alice J. Irby

Francis Keppel does us all a service by focusing first on quality and results rather than on enrollment declines and budget cuts, though his concern about student achievement stems from a fear that less quantity will lead to less quality. His call for a national assessment of educational progress in higher education provides a rallying point for those who seek comfort in objective, "absolute" measures to confirm or deny failure and show the way to reform, especially when they are uncomfortable with the way institutions are coping with the forces at work in society.

Statistics and surveys are the daily nourishment of social scientists analyzing higher education; and aggregate national data are interesting and appealing. Keppel also jars those comfortable with the status quo, who prefer no assessment external to the institution, into facing the issue of accountability for outcomes and quality.

When the public becomes concerned about standards, there is a tendency to turn more to the tests. But a national assessment program as outlined? I'm not so sure.

While the technical issues associated with a national assessment would be challenging and complex, they would not be insurmountable. Assuming a policy board could agree on the content domain of general education and civic education, the baseline level of achievement to be assessed and the population characteristics to determine sampling, tests could be developed. But this is a big assumption, and the difficulties should not be minimized.

For example, is the basic definition of general education one of skills obtained or of subject-matter knowledge? A task force of the American Council on Education (Miller & Mills 1978) cites four areas of intellectual competence crucial to goals of general education: analytical, communication, quantitative, and synthesizing abilities. Jonathan Warren's work on academic competencies in general education specified communication skills, analytic thinking, synthesizing ability, and awareness. ACT's college outcomes project focuses on communication skills, problem-solving, critical thinking, and values analysis. Or, as enumerated in Keppel's paper, does general education consist of proficiency in language and writing, mathematics and science, history, social science, and foreign affairs? This approach suggests tests along lines similar to GRE advanced tests or subject area tests in fields such as humanities, biological sciences, physical sciences.

Secondly, is the purpose of the assessment to determine "what is being learned in the state and nation" by its citizens regardless of formal instruction in college, or is it to determine what is being taught in colleges and universities and how effectively? The populations are different; the sampling strategies are quite different. And however difficult these questions, the thorniest issues are the larger educational and political ones—the benefits to be gained as against unintended negative sideeffects.

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What are the benefits?

Will aggregate data on a national sample of college students tell us anything we don't know already know in a way that can be used effectively in setting educational policies?

We know that colleges and universities have experienced sudden, profound changes, not only in the size and composition of their student bodies but in the size and composition of their faculties. State University X, for example, now awards 5,000 degrees each year, as many as in the entire first 60 years of its history. University Y doubled its enrollment from 25,000 to 50,000 in eight years. By design, as a matter of public and institutional policy, institutions admitted students not as well prepared in the academic subjects as those preceding them. By design, institutions expanded their faculties and along with expansion, the community of scholars was altered inevitably, attracting many with motives different from those of their predecessors. By design, these faculties changed curriculums, grading standards, and grading scales, taking their cues from prevailing philosophies of experimentation, permissiveness, and diversity. While good colleges and universities transcend the culture of which they are a part, they cannot be expected to be immune from the forces that have changed drastically the larger society.

So, the question of quality, in the framework of general education, is not something to worry about only with enrollment declines; maintaining quality should have been a topic of concern during the decades of enrollment increases. We know the general consequences of these societal forces. We also know that reporting results of large-scale systematic studies lags behind events and significant turning points. Many policy decisions at the institutional and state level are made before the studies are published.

My comments above assume an assessment model based on the National Association of Educational Progress (NAEP) which does not report data by school. It is not clear from Keppel's recommendations whether he prefers the NAEP model or a federal version of some statewide assessment programs which do release data by school unit or district. In calling for "comparable" data, for "comparing student achievement in types of institutions and in institutions within those types" and for assessing achievement of "students in the institution at risk," he seems to be outlining a program different from the NAEP (which probably would never have gotten off the ground had it reported results by school to be used for institutional evaluation).

Presumably, with national sample data in selected subject areas, a college or university might choose to administer the same assessment instruments and compare its findings with those of the national sample. Doing so might provide the leverage necessary for curriculum modification and internal self-study. The lingering question is, however: Is it worth the millions of dollars for a national assessment when there are already tests with national reference populations available or under development, (See *Designing and Evaluating Higher Education Curricula* by Lynn Wood and Barbara Gross Davis, AAHE-ERIC/Higher Education Research Report No. 8, 1978, pp. 18-28.)

It would certainly be interesting to know whether, as Keppel reports, "the 'value added' by colleges has remained constant or increased over the years since 1966 as measured by scores on the graduate, business, and law school admissions tests" or, as the Carnegie Council states in *Three Thousand Futures*, "the quality of the academic product as measured by scores on tests taken before entering graduate work has deteriorated significantly" (p. 98). Each cites data from testing programs administered by ETS. Such apparently conflicting conclusions are indeed possible given the data: that is, the *number* of "high-ability" students increased

from 1966 to 1979 as the populations taking the tests increased (and the differences in percentage points between high school seniors and college seniors increased during the 70's); but the *percentage* of such students in the total populations tested dropped.*

The changes over time could be attributed to several factors: changes in the populations, which we know occurred; changes in the tests, which were not designed as national assessment instruments (but this is unlikely, given equating of the tests); changes in the educational programs; or changes in the "quality of the product." Without a representative national sample and without standard equivalent assessment instruments over time, one is thwarted in drawing accurate conclusions about trends in the achievement levels of students.

But suppose we assume that the "value added" has increased—or decreased, for that matter. How does that knowledge assist us in evaluating individual institutions? Given the absence of a federal or standardized curriculum, how does global knowledge about achievement levels of college students assist in formulating federal policy? How does it assist governing or coordinating boards in setting state policy? How does it assist students in choosing colleges?

Unintended side effects?

To the extent that a national assessment in general education is taken to be synonymous with gauging the national health of higher education, findings might lead to misinterpretation and even misguided policies. Not all institutions have general education as a primary goal. Consider a school of fine arts, or a community college in a low-income area focusing on job skills for the local labor market, or a four-year college serving first-generation Americans who need special assistance in basic education. In general, colleges take what the schools send them. If the core curriculum is neither standard nor static among types of institutions, inferences drawn from national data must be draped with elaborate qualification; even so, the risk of over-simplification is great.

Unlike the NAEP, which captures the same age child or youth at specified grade levels, populations of individual institutions vary widely by age, course level, and completion of prior educational programs. Such variations might render institutional comparisons useless or, on the other hand, complicate greatly the sampling and control requirements of the assessment. Assessing levels of achievement within institutions runs the risk of invidious comparisons among colleges when the measurement may, in fact, represent differences in aptitude or achievement of entering students. In the extreme, an assessment focusing on comparisons among institutions for purposes of setting institutional, state, or federal policies might represent merely one more avenue for establishing "bragging rights," on the one hand, or handy criteria for extinction on the other.

Accountability and public confidence in higher education are important, we all agree, for the colleges and universities exist not just for the students, faculty, or administrators of a given generation. Precisely because they are for the larger society and for the future society, resting their claim for public support and confidence on a national assessment of general education may be altogether too narrow an accounting. Evidence of productive faculty, of significant research,

* Apparently, both references are to data contained in an address by Winton Manning, "Is the Ability of College Seniors Declining" to the American Association of Collegiate Schools of Business, April 30, 1976. Data updated through 1979. Manning makes the point that the most plausible explanation of score decline seems to be changes in population.

of sound administration, of responsible trusteeship, of effective professional schools, of graduates' performance in the marketplace are necessary to insure accountability and public trust. Decisions about mergers, closings, enrollment-driven budgets, per capita funding, and separately budgeted research are being made, as Keppel reminds us, at the institutional and state level, with a mix of political and educational considerations.

The context of decisions about faculty and programs are local (institutional and state largely); the student markets, for the most part, are local or regional. Thus, data developed by an institution for its self-evaluation or in cooperation with a statewide governing or coordinating board—whether on finances, enrollments, or achievement—can be tailored to the local educational and political realities. Arguably, institutional leaders are in the best position to know what form accountability data should take.

A national assessment on the NAEP model (aggregate data without institutional comparisons) can be conducted parallel to an institutional evaluation, a system-wide assessment, or consortium arrangements involving similar institutional types. They are not mutually exclusive, but they are certainly different—different sampling, different instruments and tests, and different purposes. Systematic assessment of student achievement, of the "quality of the product," is overdue for many institutions and university systems. But establishing a federal program (á la NAEP) to make local (state or institutional) policy decisions creates a disjuncture in means and purposes.

Commentary

Elizabeth H. Johnson

The State Educational Coordinating Commission on which I currently serve as a lay commissioner has had under consideration many of the issues raised by Dr. Keppel. He has made a convincing case for the public's view of the business of education, and the need to be held accountable for "outcomes" stated in terms of student achievement—not in terms of enrollments, dollars, buildings, or social engineering. I am in agreement with much of what he proposed—but I would encourage a much greater sense of urgency. Demographics, economic and social pressures, burdensome costs, and declining public confidence in the integrity of the vast educational enterprise, demand much more than "business as usual."

The fact that Keppel calls "student achievement" a "new" agenda item speaks to the current neglect of the essential purpose of education. Reactions to the proposals from institution-based panel members, were fairly predictable, and from a public viewpoint, frustrating. Comments like, "Standardized testing of student achievement is really not appropriate to our diversified, decentralized higher education programs," and "attempting to quantify higher education would run the risk of oversimplifying and underevaluating the education process" follow

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the traditional academic viewpoint that, given the right "process," in the right "setting" (a Ph.D. in a classroom of bright, prepared students, surrounded by libraries and laboratories) the "appropriate outcomes" would naturally follow, whether evaluated formally or not. For many reasons, I believe, this is not the public's perception currently.

However, as much as I wish we could develop a national assessment of student achievement (educational progress or "value added") in higher education, even in the limited areas of "general" or "liberal and civic aspects of higher education programs," I doubt that it will happen—or that it could be used to make comparisons among and between institutions or programs, as advocated by Keppel.

He makes some assumptions about the "lessons of the 70's learned from the schools" that I wish were as real and prevalent as he seems to believe—or perhaps, hopes. He says that the public "acting with evidence" and "expressing its views through the political process, is demanding higher standards" in elementary and secondary schools. I agree. However, when he then seems to imply that most states have in place realistic and clearly-stated goals for the education of every child, that the standardized NAEP tests are regularly administered to sample how well students are progressing to meet those goals, that the test results are systematically collected, analyzed, released by school unit or district, and used to document improvement or decline, I have serious doubts. The NAEP tests make gross comparisons between age groups—not schools or districts.

I have not seen much of the NAEP data accumulated state-wide in Oregon. Our Educational Coordinating Commission finds that the evidence available on student progress in the schools to be spotty, collected in bits and pieces, not comparable, and subject to many different interpretations.

While one has to be wary of forming conclusions from this data about educational effectiveness at the elementary and secondary school level, what we know about student achievement in the colleges is even worse. We speak and write glibly of "liberal" or general education, but refuse—or seem unable—to define it. Since we have no generally-accepted definition, we cannot undertake, it seems to me, to directly appraise whether an individual is liberally-educated. Most often in higher education, decisions are made on the basis of quantitative reports of student enrollments by level, credit hours produced, courses added or dropped, degrees granted, etc. Certainly evidence of student achievement and documentation of meeting the lofty institutional goal and mission statements have not been offered as pieces of information to assist higher education policy-makers.

Can a national assessment of student progress be developed for higher education? I believe it could be—albeit with great difficulty—were there more general acceptance of some of the valid definitions of the goals or "essentials" of education, and provision for interpreting test results in the light of institutional mission. I believe it is in the public's interest and the students' interests that there be better information available. However, the unorganized public and the funders of higher education have very little voice in higher education decision-making.

First, even at the local school district level, where directors are elected, budgets are voted upon, and the schools are supported by property taxes—which makes them much more sensitive and accountable to parents, patrons, and taxpayers—testing and communication of student achievement have not been necessarily effective, nor undertaken with a great deal of enthusiasm. Higher education is generally out of the direct reach of voters and taxpayers; trustees have become advocates for the *institutions'* wants and needs; and the political clout of organized faculty, students, and administrators is considerable. The "lessons learned from the schools" will not, I fear, carry over to the colleges and universities.

Second, the controversy-ridden 17-year struggle to get even the minimal NAEP tests in place for elementary and secondary schools speaks directly to the difficulty of establishing anything comparable in higher education. National standardized norm-referenced testing is under fire from politically powerful groups, such as Ralph Nader's PIRG's (Public Interest Research Groups), teachers' unions (including the National Education Association), the National Association of State Boards of Education, and those advocating "truth-in-testing" legislation. Any attempt to move a national assessment program into higher education would face formidable opposition—as well as technical difficulties. The prognosis for success, in my view, is so bleak as to make the suggestion impractical at this point. The decision-makers in state government, college and university trustees, and the supporters of education certainly do need documented response to "How well are we doing?" but I fear that the internal politics of higher education will not support a national testing program—especially when a case for making institutional comparisons might be a possible use of the results.

However, there is a proposal related to serious problems of student achievement in both the public schools and the colleges that I believe has merit, and would have public support: that is, to create a partnership between colleges and the local schools to improve the quality of the teaching and the learning in both segments—but especially in the elementary and secondary schools. Keppel spoke to the need, but did not forge the link. In my view, the time is long overdue for higher education to accept more responsibility for the erosion of standards; the minimal requirements for graduation; the lack of content and substance in the high school curriculum; the decline in mastery of communication skills—reading, writing, speaking, listening; and the decline in the ability to apply knowledge independently of courses and teachers.

It is also time for universities to plan long-range to get out of the offering of remedial or "bonehead" courses in the basics. I submit that we cannot have "quality" in higher education without having "quality" in the schools upon which higher education builds. We cannot reform the core curriculum in the colleges without reforming the curriculum of the elementary and secondary schools—an activity in which higher education's role, and even interest, leaves much to be desired. We cannot improve the status of teaching and the training of teachers, pre-service and in-service, without involving both the colleges, which educate the teachers and administrators, and the school districts in which they practice.

And who can take the necessary steps to forge this link between higher education and the school districts? Keppel calls for a new state-level group, made up of representatives of the judicial and executive branches, business, higher education, and general citizens, to gather comparable data on higher education and to make long-range plans. Most of the states already have in place coordinating agencies or state-level education boards charged with making recommendations to governors, legislators, presidents, and administrators—and their staffs. They should be used more effectively—and strengthened, if necessary. Keppel's proposal, I believe, would be criticized as "another layer of bureaucracy," even though the need for this kind of non-advocacy, non-special-interest agency is real.

He further suggests that representatives of the public should participate in accreditation reviews. Actually, there are public members now serving on the regional accreditation teams and local school standardization visitation. The trouble, though, is that the accrediting associations are themselves losing public confidence, and it is very difficult for part-time lay people, without an independent staff of their own, to provide constructive contributions, across the table from sophisticated education professionals and their large staffs.

Keppel recognized the need for more citizen participation and better documentation of student achievement all along the line in order to serve the public interest and maintain or restore public confidence in education. I am delighted that he and others of national stature and leadership are lending their support to this most vital education issue. They can provide incentive, data, confidence, leverage, and assistance to nudge governing board members, coordinating agency commissions, legislators, school board members, and other education policy-makers to find practical ways to work together for improvement of both teaching and learning at all levels.

Commentary

Thurston E. Manning

"The Newest Crisis in Education" was the title of the Presidential Address to the North Central Association in 1932. The title was intended to remind hearers that crises in education have occurred before, and that education has survived. Keppel's admirable summary of recent Carnegie Council reports and an address by Harold Howe gives respected opinions on the nature of the "newest crisis" facing education in the 80's. Whether there is full agreement with all those opinions, there seems universal agreement with Keppel when he says of the 80's, "We have reason to worry."

Every crisis calls for corrective action, and Keppel is to be commended for an attempt to identify actions to address critical issues of the 80's. But his paper demonstrates that prescribing action is much more difficult than concluding that action is needed.

Keppel's first prescription, a "national assessment of achievement in higher education," raises some fundamental issues. One is whether there exists any agreement on the subject matter on which student achievement in general education is to be tested. Consider just one area mentioned by Keppel: What mathematical achievement is to be expected of every college graduate in America? It must surely be more than the basic manipulations of decimal arithmetic, which are expected of school students. But how much more? Should every college graduate demonstrate achievement in integral calculus, or in linear algebra, or in statistical quality control, or in number theory, or in all (or none) of the above.

The fact is that there is no national agreement on the content of general education at the college level—and that fact can be easily verified by comparing the curricular requirements and course descriptions in any half-dozen liberal arts colleges of established reputation and prestige. Whether a national agreement on general education should exist is an interesting and important issue that is little discussed (and this is not the place to discuss it); but having such agreement is prerequisite to any achievement testing program like that Keppel advocates. He has constructed his suggestion on an incorrectly assumed agreement on subject matter

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content, in part because of his analogy with the situation at school level, where there is much greater agreement on content. Further consideration of his proposal must begin with exploration of content; it would be a waste of resources to try to develop an achievement testing program without first defining the content to be achieved.

Keppel's second suggestion for action arises from his concern that "the present method of making decisions on whether institutions should continue, or be merged, or die is inadequate for the 80's". Certainly the "present method," as he points out, is not a single method, and certainly the collection of these various present methods is not neat. What he proposes, a "crisis management group," broadly based, and with "financial and other powers as well as the responsibility to account and decide," would be neat. It would also, if I understand the suggestion correctly, abrogate the fiduciary responsibilities and legal authorities of governing boards, both public and private. The suggestion is certainly daring, probably illegal, and possibly cavalier.

But would a super-authority make better decisions than our present collection of ways of dividing responsibility and authority? I doubt it. But in the absence of a trial to gain direct experience, my opinion rests only on my belief that an enterprise like education, which at heart results from the interaction of individuals, is better governed when not centralized. We sacrifice neatness and uniformity, economic efficiency and guaranteed cost/benefit ratios; but we gain freedom to try new things, to adapt to new conditions, to consider individual abilities and needs.

The ultimate responsibility in governing an institution is that of deciding whether the institution should continue, and in what form. To do this through a central body—however benevolent its members and however high-minded its purpose—is to undercut the essential variety of American higher education and to diminish its value to our society. Drastic changes in an institution lead to complex issues, and opinions about the proper course of action may differ sharply (as the recent Wilson College case illustrates). I believe we are better served by placing responsibility on various agents, including the governing board of each institution, the accrediting associations, the state licensing and coordinating agencies, and supporting organizations such as churches and legislatures, rather than to convene a new, untried group and give it authority to decree life or death.

Keppel's advice that groups within higher education should be prepared to deal with institutional crises before they arise is, of course, sound. There are several studies in progress directed at finding indicators of financial condition for individual institutions (e.g., the ACE-NACUBO study directed by Dickmeyer and Hughes) and for groups of institutions (e.g., the NCHEMS study directed by McCoy, which will also consider non-financial indicators). Such indicators, if they can be developed and validated, will be most useful in identifying problems so that they can be addressed in a timely fashion. Accrediting associations, along with an informal group representing other higher education organizations, have drafted suggestions for institutions in extreme circumstances.

As his third suggestion for action Keppel proposes that "participation by the public, not only in the visitation of campuses but also by membership on the governing boards of accrediting institutions" be provided. I find completely convincing Keppel's argument for this representation, and find it embarrassing that he is evidently unaware that such representation has been present and active for several years. Indeed, every accrediting association or agency that appears on the U.S. Commissioner of Education's list must meet the criterion, "The agency or association includes representatives of the public in its policy- and decision-making

bodies." Regional postsecondary accrediting commissions have had public representatives on their decision- and policy-making bodies for some five years.

Keppel's blunder underlines a basic issue, implied in his discussion but not developed. It is that the temper of the times requires a greater public disclosure of information about accreditation: information about the accrediting organizations and about the bases on which the accreditation of institutions and programs rests. Accreditation has always been a low-profile activity. It has paid little attention to improving its service by providing better information, especially about accredited institutions. Keppel suggests (as have others before) that visiting team reports be made public. Currently some are, but that decision is made by the affected institution. And as useful as these reports sometimes are, they are not, in general, good public information documents: the report is prepared at an early stage in the accreditation process, and may not reflect all of the views and data that go into the final accreditation decision.

Further, the report is addressed not to the public, but to the accrediting commission and the institution under consideration, and contains items (such as consulting advice from the visiting team) that have, in the past, proved subject to misunderstanding. The accrediting organizations need to do much more in contributing to public understanding of their work. In the absence of public understanding, mistrust and misinformation thrive. There is already evidence of damage to public confidence in accreditation because of the retelling of anecdotal "horror stories" without full and balanced knowledge.

The 1932 address on the "newest crisis" contained an observation, somewhat quaintly expressed, that is applicable to 1980: ". . . a critical period may be the beginning of a period of splendid development. Let us therefore be cheerful, but at the same time alert and ready to make such changes in education as a changing economic and social order may demand." Whether his proposals are accepted or not, Keppel deserves our thanks for his clear statement that the present changing economic and social order demands change in our activities, and for his conviction that it is the responsibility of those of us in higher education to make those changes.

New Roles for the States in Monitoring Higher Education Quality

Carl Kaysen and the
Sloan Commission on Government and Higher Education

What our colleges and universities look like a generation from now will be determined more by actions taken in individual states than by any other single factor. It is not a new role—the dramatic transformation that took place in the generation just ended was also due to state initiative, imagination, and responsiveness to changes in society.

But entirely different conditions characterize the two periods. What the states did from 1950 to 1975 was in response to forces that are now disappearing. There simply were not enough places in existing institutions for all the 18-year-old high school graduates who wanted to go to college.

The need to expand was a challenge to which the states were equal. They had rising revenues from economic growth to pay for it, they had broad public support for the policy, they found the human resources to staff the new institutions that they created. It was not an easy job but it was an agreeable one. Governors and legislators could respond to the forces of growth without intimate participation in colleges and universities, or detailed appreciation of their complexities.

By contrast, the decisions the states have to make in the next generation will have a profound impact on the quality, rather than the quantity, of higher education. The big job ahead is retrenchment, and the greatest problem is how to adjust capacity to demand without sacrificing essentials. Which state-supported programs to consolidate, which to strengthen, which to eliminate, which institutions to give extra support are all hard questions to answer. The forces supporting particular colleges and universities are always vigorous and especially difficult for elected officials to resist.

Another vital consideration is the place of private institutions. In many parts of the country, the private colleges and universities lend a variety and have qualities that are essential to the character and strength of the whole state system. Further, the larger the share of a given student body in public institutions the greater is the cost to the state's taxpayers. Unless a conscious effort is made by state officials, private institutions will suffer disproportionately during retrenchment because of market forces. So the job ahead is neither pleasant nor easy.

Carl Kaysen is vice chairman and director of research of the Sloan Commission on Government and Higher Education. His presentation at the AAHE National Conference centered on the recommendations contained in this chapter of the recently published Sloan Commission Report. We are grateful to Ballinger Publishing Company for permission to reprint this chapter of the report. Complete copies of the report, titled *A Program for Renewed Partnership: The Report of the Sloan Commission on Government and Higher Education,* are available for $18.50 from Ballinger Publishing Company, 17 Dunster St., Harvard Square, Cambridge, Mass. 02138. © 1980, The Sloan Foundation.

Our recommendations for the states are made in this context. They are broad because we are not able to prescribe for each state, and there are even some in which the population changes will run counter to the national trend. We focus on procedures for insuring quality and variety in the face of retrenchment. We also focus on the importance of the composition of the various state boards that will have to face the hard decisions. Our recommendations can be divided into three groups: the composition of state higher education boards; dealing with retrenchment; and collective bargaining. We close with some observations on regulation at the state level.

The composition of higher education boards

Recommendation 1: Members of state higher education boards should be widely respected individuals who bring to the boards experience and demonstrated abilities, and who will consider the health of the entire higher education community within the state. No more than one-third of the members should be representatives of higher education, public or private.

Higher education boards vary widely in their degrees of influence, not only because their powers under enabling statutes vary, but because of the political interplay that makes it possible for the boards' recommendations to be ignored by governors or legislatures. Considering the great impact that their decisions can have in the next generation, the Commission believes that it is of first importance for these boards to be strengthened. Their standing, in fact, must be so great that it should be impossible for political figures to ignore their recommendations without drawing considerable public criticism.

We believe that the chief way to strengthen these boards is by strengthening their composition, not their powers. They can only function effectively if their membership is distinguished enough to command public and political respect. Meeting the challenges created by excess capacity will require extraordinarily able and qualified people. They must be respected by both the legislative and executive branches and by higher education, in both its public and private sectors.

If the boards are to be regarded as balanced, objective, and highly competent bodies, they should be composed primarily of lay members. Boards should also have substantial representation from both public and private institutions if they are to be seen as knowledgeable about both sectors, but biased toward neither. Nine states have already included the voice of private higher education in such state-wide boards. Further, in order to maintain their independence from other state agencies and their credibility with legislatures, the number of ex-officio members from the executive branch should be held to a minimum.

The boards must view their charge as representation of the public interest. Defending either the public or private sector, or serving any narrowly defined special interest, is inconsistent with the obligation taken on by a member. The terms served should be long to keep the perspective as long as possible, and to give members a degree of insulation from political pressures. Finally, the boards must be provided with adequate staffs which they themselves hire.

Very few existing boards have the strength we recommend. There are presently three main types among the states. The strongest are the consolidated governing boards, responsible for approving programs and submitting budgets for all public four-year institutions and, in some cases, two-year community colleges as well as all postsecondary vocational education schools in the state. A few states are unusual in that their consolidated boards include private institutions in the planning and coordination for the whole system. Even though this type of

board has a similar structure wherever it exists, some are not able to act with the authority of others. The Board of Governors of the University of North Carolina and the Board of Regents of the University of Wisconsin exercise strong authority, for example, while similarly structured governing boards in Florida, Mississippi, and North Dakota are less able to do so.

The second type is the regulatory coordinating board, which, unlike consolidated ones described above, does not actually govern institutions but acts as an intermediary between the separate boards of particular institutions and the political authorities. The final type—the advisory coordinating board, limited to making recommendations to the state government—has the least authority. The effectivness of both the regulatory and advisory boards depends heavily on their place in the political process—on their relationships to the governors, the legislatures, and the institutions themselves. Where these relationships are good, as in the state of Washington, the board's recommendations carry considerable authority and have been described as having the "weight of governance." Other states with such boards scarcely heed their recommendations.

Our recommendation was influenced by these actual differences, leading us to the conclusion that the composition, rather than the powers, of the boards is what is most in need of improvement.

Dealing with retrenchment

It is imperative that each state deal directly and intelligently with the underlying situation of declining demand, since the problems created by excess capacity could well be intensified by unwise decisions. Strategies are necessary to reduce the temptation for public institutions to compete for students in undesirable ways. Moreover, ill-considered competition between the public and private sectors, as well as among the public institutions, can lead only to an erosion of both academic standards and financial strength everywhere in the system. The decisions to be made are complicated enough to require board members who are exceptionally well qualified to make them, even without the other considerations of maintaining independence and public confidence discussed in the previous section.

The Commission sees five ways to deal with the problem. Taken together, they would protect the variety of institutions a state must have to fill all its needs, and also protect the quality which all higher education should have. They are interdependent and the higher education boards must not lose sight of this.

1. Each state should examine the structure of its entire system so that the mission of each institution and its place and weight in the system is clear.
2. Each state should make periodic quality reviews of all public individual colleges and universities.
3. The allocation of state appropriations should reflect these reviews. The formulas on which they are presently based need revision.
4. The traditional state policy of supporting the flagship research universities is wise and should not change.
5. All institutions in a state, public and private, should be licensed in order to prevent fraudulent or deceptive practices.

Defining the missions of all public colleges and universities

A necessary first step for the states to take in protecting the quality and diversity of the higher education it offers is to look at the system as a whole. It is already quite typical that two institutions, serving the same or overlapping geographical

regions and offering similar programs, are each unable to attract enough students to use fully the resources available. Each, in this atmosphere of competition for students, will find it difficult to prevent a slow deterioration in the quality of its academic programs. Both the financial resources and the incentives to maintain quality are undermined. How can a state board decide on the best course?

We believe that an examination must be made of the purpose served by every college or university in the system as a whole, and of its strengths and weaknesses, in order to place the importance of each in the state structure. In most states the definition of institutional missions is the joint responsibility of the state board and the institution or central system office in question.

The degree of detail of this definition varies from state to state. At one extreme, the Nebraska legislature has set forth the "role and mission" of each public institution in precise and extensive detail. For the University of Nebraska at Lincoln, undergraduate instruction is the first priority, graduate and professional instruction and research is second, and public service is third. The role of the state colleges is limited to providing undergraduate instruction in general academic, occupational, and professional degree programs. The bill defining missions for public higher education in Nebraska, for example, states that:

> *Kearney State College may maintain its existing baccalaureate general academic, baccalaureate occupational, and baccalaureate professional degree programs and shall limit new baccalaureate degree programs to the needs of its unique service area generally defined as the state's central region. Kearney State College shall not independently award the master's degree in business administration after September 1, 1980.*

More frequently, however, states rely on vague statements of mission. These should become more specific: they should identify the programs to be offered at each public institution and set forth in broad terms the public purposes, and the student population, that the programs will serve. Only if the statements of mission provide this detail will they be a useful tool in bringing order to the decisions that must be made.

State legislatures on occasion intervene to modify statements of scope and function that have been agreed upon. For example, the legislature and Governor of Ohio mandated eight medical programs in spite of the objections of the Board of Regents and several of the institutions involved.

Statements of mission not only define the role of individual institutions, but also how one segment of public higher education relates to another. Each segment should reassess, and if necessary, redefine its mission as the public sector contracts.

The great state research universities have a mission important enough and face problems serious enough for separate discussion below.

State colleges and non-research universities face especially troubling problems, and may require changes in their missions. These institutions will probably be heavily affected by the decline in enrollments, and therefore by decreases in appropriations. Their more advanced programs will probably suffer the most, and they may have to eliminate some of their master's and professionally oriented programs, concentrating instead on undergraduate programs, with particular emphasis on the occupational and vocational ones. In some cases, public colleges may be forced to merge, or to become branch campuses of larger institutions.

The two-year community colleges were the fastest growing component of public higher education during the boom. Their mission is clear. Through a combination of low tuition, which currently averages less than $400, and open

admissions—the entrance requirement is at most high school graduation—they provide a unique degree of open-access to higher education that no other set of institutions matches. They have successfully attracted students of all ages, and now account for close to one-half all enrollments in public colleges and universities. While the importance of the community colleges' mission will not change in the 1980's, the early figures on the effects of the demographic changes suggest that the demand for this kind of institution will also fall. State boards should keep a sharp eye on the competition that will probably develop between state colleges and community college systems. The mission of the former may evolve and come to resemble that of the latter more closely. It is also true that a few states—Massachusetts is an example—overbuilt their community college systems, particularly in suburban areas, because they expected higher day-time enrollments than actually developed. These states are already troubled by excess capacity in this sector. All states should formalize arrangements for transfers from two-year to four-year colleges.

In summary, to put it simply, a state board cannot decide whether an institution with flagging enrollments and declining quality should be closed or its mission changed until it knows what other institutions serve similar functions, and how strong they are. If higher education boards are to use peer group evaluations of quality, which we discuss in the next section, rationally and consistently, they must first determine the mission of each public institution in the state.

Periodic quality reviews

Recommendation 2: Each state higher education board should arrange for periodic reviews of the quality of educational programs at every public college and university within the state. The reviews should be conducted by academic peer groups. Their reports, along with the institutions' responses, should be published after a one-year delay. To the greatest extent possible, each state should make use of regional and other accrediting associations in organizing the reviews.

Intense competition to attract students can be antithetical to efforts to maintain quality. Any institution that maintains high admission standards, decides what courses to offer on the basis of academic excellence rather than popularity, and maintains strict grading systems will tend to lose students to less stringent competitors. As this happens, its appropriations drop, and it loses some financial resources that are needed to maintain quality. Although an institution may want to keep up traditional standards of excellence, that becomes hard to do. And it becomes even harder as more institutions begin to feel the pressures. The number of institutions unable to resist lowering standards is sure to grow unless the states have a better way of planning for reduction in capacity than they now have.

These considerations convinced most members of our Commission that some evaluation by the state of the quality of programs provided by public colleges and institutions within it is essential. In making this recommendation, we are well aware of the disquiet, if not outright opposition, it arouses in many. Anxieties about threats to institutional autonomy are understandable.

Nevertheless, we believe that the process is necessary for two important reasons. First, quality reviews can be of special value to a particular institution. Candid evaluations made by competent and disinterested examiners can warn that certain programs are slipping; they can guide administrators in allocating resources within the institution; and they can help institutions as a group to resist the sacrifice of academic standards to competition for students.

Second, decisions to redefine an institution's mission and change its role in the system are difficult for a legislature to make. But elected officials may find it easier to vote for changes in an institution's role in the system, or in the programs offered, or even to close an institution if they can present convincing evidence supplied by independent observers.

These evaluations of quality must be made by highly credible and independent reviewers. While the authority to order reviews of academic programs should be vested in the higher education boards, the review process itself should be carried out by visiting teams of recognized scholars, drawn largely from the academic world. In almost all cases, the higher education boards would draw upon the resources of regional and other accrediting associations to organize and conduct the reviews. We expect that these reviews would become integrated with the regular work of the accrediting associations. Normally the function of the board would be limited to ordering the review, publishing the report of the peer group, and in the case of a clearly unfavorable report, recommending appropriate action.

Public disclosure of the results of program reviews, if made known widely to prospective students and their families, could well contribute to the further decline of a college that is found to be functioning at very low standards. In this respect, the process can only work to the advantage of the more competent institutions. However, an adverse finding could endanger a program or institution that might be marginal but not meretricious. In order to avoid putting any institution at undeserved risk, there should be a year's grace period before publication of the results of academic program reviews. At that time, the institution's response to the report could be appended to it. Alternatively, institutions could have the right to appeal of an unfavorable report or board recommendation and request a second review.

In any case, publication is an essential part of the process. Only broad dissemination of the results of the reviews is likely to create a climate of opinion that will support change. Without publication, all involved in the process would find it too easy to suppress or ignore unfavorable reports.

The thorny question of whether private colleges and universities should be included in the review process remains to be answered. On the one hand, higher education boards are unlikely to make forceful recommendations, and legislatures are unlikely to accept closure of public institutions, if the private sector escapes scrutiny. The pressure to include it will be particularly strong in states with substantial student aid programs for residents who enroll in private colleges and universities within the state.

On the other hand, the private colleges and universities are likely to view the process as an undesirable intrusion into their autonomy. They see a potential for conflict of interest since the process is controlled by the higher education board, whose chief loyalties may be viewed as lying with the public sector. This is a powerful additional reason for the private sector to have substantial representation on the board.

The Commission believes on balance that participation of both sets of institutions is desirable, and that the state should invite the participation of private colleges and universities in the academic program review process but not require it. If private institutions accept, state boards will gain direct knowledge of their quality, useful to the boards as they weigh policy questions and set expenditure levels for the public sector. Boards of trustees of the private institutions will also gain from the reviews as they plan their own futures. All would benefit—the states, the institutions themselves and the students. While participation of private institutions in the review process should be voluntary, we believe it would work in their own interest.

Ideally, the necessary adjustments to declining enrollments would be most effectively made by the institutions themselves, both public and private, rather than imposed by state governments. Yet we feel that the incentives built into the system, the limitations of the market as an instrument of discipline for publicly funded institutions, and the consequent one-sidedness of the public/private competition, all demand some more self-conscious, more systematic, and more widely applied process of quality control than now exists. What is at stake is the integrity and financial strength of higher education in a state.

Financing formulas for public higher education

In addressing the problems of maintaining quality in public higher education, budget-makers and legislators must consider the effects on colleges and universities of the way appropriations are determined. Budget recommendations and appropriations for each public institution are now typically based on the number of students currently enrolled, usually expressed in terms of full-time equivalents. In effect, each institution receives a certain number of dollars per student, so that the institution's budget rises and falls proportionately with its enrollments.

Appropriations formulas vary considerably from state to state and are quite complex. Different formulas are used for different types of institutions, and for different programs, activities, and levels of instruction within the same institution. In Ohio, the budget for each public college or university is derived from 16 different formulas, each highly detailed, while in Louisiana the formulas are much simpler, with little distinction among institutions.

Major colleges and universities do undertake some functions and activities that are not enrollment related. The extension services of colleges of agriculture at major land-grant universities, their externally funded research programs, and the hospitals affiliated with their medical schools are the primary examples of such activities. For the majority of colleges and universities, however, the scale of most of their activities is dependent upon the number of students served.

Enrollment-driven appropriations formulas were particularly well-adapted to respond to increasing demand for higher education. They created a strong incentive for public institutions to admit more students, and thus played an important role in accommodating the rapid influx of students during the enrollment boom.

Unfortunately, the same process does not work in reverse. In the event of a decline in enrollments, public colleges and universities that receive enrollment-driven appropriations will experience a decline in their appropriations that is proportional to the decline in their enrollments. However, many of the costs of operating a college remain unchanged as enrollments decline. Tenured faculty must be paid, buildings must be maintained even though they are no longer full, and the library must continue to operate. Total operating costs will decline less rapidly. State appropriations will consequently be insufficient to operate the institution at the new, lower enrollment, at least as it was previously operated, and some cutbacks on expenditures will be forced that can seriously affect the quality of instruction offered.

This is precisely the prospect that public higher education faces in the next few years. The appropriations formulas now in use allow a mismatch between costs and revenues to develop as enrollment drops. They put immediate financial pressure on all public colleges and universities that experience enrollment declines —those that will continue to function as they are, as well as those that will have to modify their programs.

Although enrollment-driven appropriations formulas can inflict hardships on particular institutions, they fail to highlight directly for state legislatures the need

to reduce capacity. By providing a fixed number of dollars per student, the formulas obscure the fact that operating many institutions well below capacity must ultimately increase the cost to the state of providing public higher education.

Finally, enrollment-driven formulas powerfully reinforce the incentives for public institutions to compete for students in undesirable ways, by providing a sizable premium for each additional student that they enroll.

A few states have already instituted changes in the budget process. In some, legislatures have mandated a fixed percentage decrease in the budgets of all public colleges and universities, leaving to the higher education boards, or the institutions themselves, how to cope with these reduced budgets. In a sense, this approach is equitable, since it distributes the burden of contraction equally among institutions, but evenly shared debilitation is not a solution to the problem of maintaining quality. Similarly, efforts to devise appropriations formulas that make increasingly fine distinctions among programs and services offered by the institutions may spread the burden more equitably, but they will do little more.

A number of states have made regulations designed to increase faculty productivity by increasing student/faculty ratios or the number of student contact hours expected of each faculty member. However, only minimal savings are possible without compromising academic standards, or running up against the constraint of faculty tenure.

One possible remedy that could be applied more widely is a substantial reduction in the enrollment-driven portion of appropriations. States could adopt appropriations formulas which combine a flat basic grant that covers a portion of each institution's overall budget at current enrollment levels, with a per-student allowance that provides the remainder of the appropriation. The per-student allowance would differ for upper and lower division undergraduates and graduate students, as it does now. Similarly, both the allowance and the base grant would vary among different types of institutions. But in all cases, the base grant would be a substantial fraction of the total appropriation. Under this formula, institutional budgets would still decrease as enrollments decline, but much less steeply than they now do.

In the short run, each public institution would find it easier to maintain an adequate financial base from which to develop new missions, or plan an orderly contraction. Since the proposed formula would make public institutions less dependent on enrollments, it would reduce, though not eliminate, the intensity of the competition for students that can lower academic standards.

In effect, the revised formula would shift the financial pressure caused by declining enrollments from colleges that will be short of operating funds to state legislatures that will find they have to spend more to keep a particular institution open than they would under current appropriations formulas. We recognize that constituency pressures or "log-rolling" may still inhibit legislators from voting to merge or close academic programs. Since the proposed formula relieves some of the financial pressure on the institutions, and makes it easier for them to endure declines in enrollments, its use could conceivably aggravate the problem of excess capacity. But by putting a clear price—the amount of the flat base grant—on keeping an institution open, a formula of this type should focus legislators' attention on the costs of failing to reduce capacity and force them to deal with the underlying problems of declining demand.

The major purposes of proposing a quality control mechanism and a change in the formulas for financing public higher education are interdependent. Each of these proposals is offered in an effort to reduce the temptation to compete for students among public institutions as well as between the private and public

sectors. We hope to dull the incentive to compete by quality degradation, and to encourage excellence.

The importance of public research universities

Two-thirds of the finest research universities in the country are in the public sector. Thirty years ago there were relatively few. Today, virtually every state has at least one, and many of them have several. Because of their excellence, they attract students and faculty not only from around the country, but from all over the world. They now face an uncertain future, along with the private research universities, because federal support which is so central to their operation, and which in some cases even brought them to their present states of excellence, can no longer be counted on to the degree it was during the expansion period. But, in addition, they have another threat spared the private institutions. Retrenchment within a state can mean that their share of the total higher education appropriations is reduced, due to pressures from other types of institutions on the legislature. Some of these universities may find themselves no longer able to maintain their quality.

In addition to these "flagships," most states have smaller universities with graduate and professional schools. The number of these has grown and they are regionally distributed, often serving metropolitan areas. Admission policies in these universities are more selective in some states than in others. Tuition is usually low, sometimes only slightly higher than at community colleges. While some of these newer state universities have accomplished a great deal in a short time, the academic caliber for the majority is not to be compared to that of the nationally known flagships.

Yet, the emphasis of these flagships is not one that appeals to most governors or legislators who often believe that they sacrifice teaching to research. Political pressure is also developing that favors increased appropriations to doctoral granting institutions in metropolitan areas, rather than to the traditional flagships. Several states favor distributing support for graduate education and research evenly among all their universities, rather than concentrating on keeping up the quality of the leading ones.

The Commission believes that the traditional policy of support for flagship institutions is the wisest one for the states to pursue. These universities represent a unique and valuable asset to the states and to the country as a whole through their contributions to research, professional training, and public service. They now have 65 percent of all enrollments in research universities. Their wide development in the public sector, and consequent wide access for students, is one of the most important transformations of the last three decades.

Minimum standards of academic conduct

Recommendation 3: In order to prevent clearly deceptive or fraudulent practices, each state higher education board should establish and enforce minimum standards of academic conduct that all institutions must meet in order to be licensed to operate within the state.

As competition for students intensifies, institutions are tempted to use deceptive recruiting practices and lower their standards to prevent a steady erosion of their financial base. In ideal circumstances, well-intentioned institutions would not enroll unqualified students. But these are not ideal circumstances, and fierce salesmanship can compromise an institution's integrity.

A few colleges and universities have gone beyond aggressive recruiting techniques and have begun to use highly questionable practices. These are expected to become more widespread, and include:

- encouraging enrollments in programs of study for which job opportunities are limited;
- offering programs without adequate facilities or faculty;
- awarding credit for life experience, for non-collegiate preparatory work, or credit by examination, that is unwarranted in relation to actual accomplishments;
- reducing standards of performance in order to retain tuition-paying students (grade inflation);
- failing to provide adequate information on admission, grading, credit, and retention standards;
- admitting students who are unprepared for college without providing adequate counseling or remedial programs; and
- using the accreditation and licensing authority of a home campus to franchise academically deficient branch campus operations.

The clearest example of this kind of misconduct so far is the proliferation of out-of-state branch campuses, operating at locations that are hundreds of miles from the home campus. In some cases, library and other facilities are grossly deficient or non-existent, faculty are recruited off the streets, and academic quality, by any standards, is abominably low. Yet the branch campuses enjoy the prestige of the home campus whose name they share, and the institution can reap a quick profit, often by tapping a captive market such as a military base. In Maryland, 15 out of 30 branches of out-of-state institutions closed their operations rather than submit to review by the state higher education board.

Some institutions may engage in questionable practices without being aware of their exploitative nature. Though aggressive recruiting techniques, improper granting of credits, or grade inflation, even when they overstep the bounds of acceptable conduct, do not justify the license revocation of an otherwise reputable institution, at some extreme these practices degrade the quality of education to the point that the offender no longer should be considered an institution of higher education. We expect such instances to be rare, but some mechanism must be set in place to establish minimum standards of academic conduct, and when necessary, to revoke the license of an institution that consistently fails to meet them. In most cases simply bringing unacceptable practices to the attention of an institution should be sufficient.

We emphasize that what is at issue here is not whether the quality of educational offerings of reputable institutions of higher education justifies the cost of keeping them open. Rather, we are proposing minimum standards of conduct designed to provide a degree of consumer protection from clearly deceptive or fraudulent practices. Since any accredited institution is eligible to receive federal student aid, its practices and programs have an implicit stamp of approval. However, the traditional accrediting associations cannot effectively control, nor do they want the responsibility for controlling, abuses like these.

No institutions of higher education should be exempt from this licensing review process. The model legislation developed by the Task Force on Model State Legislation for Approval of Postsecondary Educational Institutions and Authorization to Grant Degrees of the Education Commission of the States is a useful guideline. This vests state higher education boards with the authority to prohibit the kind of abuses discussed above. Where additional statutory authority is needed, it should be promptly sought.

At present, exemptions are sometimes granted to institutions which: (1) are accredited, (2) existed prior to a certain date, (3) are regulated by a state professional board, or (4) are incorporated as non-profit institutions. With adoption of the model legislation, such exemptions should be dropped.

And finally, each state higher education board that does not already have it, should be granted authority to revoke the license of any institution, public or private, that consistently fails to meet minimum standards of academic conduct. We believe that this authority will rarely need to be exercised.*

Faculty collective bargaining

Recommendation 4: The states should reinforce the role of individual institutions in the collective bargaining process. Specifically: (a) the states should designate the individual governing boards of public colleges and universities (where such exist) as the bargaining representatives of management on academic issues affecting the institutions, and (b) the states should insist on institutional autonomy over personnel, academic, and planning decision.

Faculty unions are a relatively new development in higher education, and most of them are in public colleges and universities. The movement began with the passage of public employee bargaining legislation, which 25 states and the District of Columbia now have, and the first faculty unions were organized in 1969 at Central Michigan University, City University of New York, and Southeastern Massachusetts University. Today, 25 percent of all college and university campuses (600) and 30 percent of all higher education faculty are unionized. It is predicted that this will go to over 250,000 faculty on more than 1,000 campuses by 1990, although the rate has slowed considerably in recent years.

The greatest concentrations of faculty unions are in the two-year colleges and in the comprehensive four-year colleges. The faculties in these new types of institutions have traditionally played only minor roles in formal governance procedures. They object to the intrusion of executive agencies and legislatures and try to protect their prerogatives through unionization.

Fears had been widespread that faculty unionization collective bargaining would distort governance procedures, would change the professional roles of the faculty by inhibiting scholarly production, would lower education standards, would reduce innovation and experimentation, and perhaps most importantly, would weaken the criteria used to evaluate peers.

Experience so far has been that these fears are overdrawn. Even in institutions with a traditionally strong role for the faculty in decision-making, union contracts frequently have been useful in formalizing and assigning faculty responsibilities. New grievance procedures have resulted in due process for all personnel decisions and have also created, on the whole, more systematic and consistent evaluation criteria. The process by which conflicts are resolved has changed, but the standards of acamedic quality and peer review for major appointments usually have not.

However, collective bargaining has brought about a more subtle and trou-

*Commenting on this section, Peter Clark states: "One cannot object to protection from 'fraudulent and deceptive practices.' It is not difficult to imagine, however, the use of this licensing power by some state bureaucracies to advance the interests of public institutions, adversely to private colleges and universities, during the period of intense competition for students and for funds that we all believe will come. Every effort should be made to protect *private* colleges and universities from state government control over their very survival."

bling change in the way conflicts between faculty and administration are resolved. Many decisions formerly made on campus are now raised to higher political levels. Typically, the "employer" who bargains with a unionized faculty is not the individual institution, but a state-wide authority. In ten states, the higher education boards represent management by law. In most other states, a state employee bargaining office responsible to the governor conducts the negotiations. This office usually consults with central system management, but rarely with campus administrators. Thus, the presidents of public institutions, who are the immediately responsible administrators, are little involved in bargaining. In many instances, faculty unions lobby state legislatures and governors, a trend that administrations try to counter by adopting a policy of full disclosure of institutional budgets to union leaders.

The general rate of pay for the faculty of public colleges and universities is essentially a political matter. It is unavoidable for bargaining over salaries to take place at a state-wide level, and for governors, the state legislatures, and higher education agencies to influence the negotiations. Academic issues, however, should be negotiated at the institutional level, where academic rather than political considerations are involved, and where bargaining is likely to be more collegial.

In order to bring about an appropriate division of collective bargaining responsibilities, a number of writers have suggested that the bargaining process be split. The general level of faculty salaries would be negotiated at the state level, while such other academic issues as teaching loads, criteria for promotion, and the pay scale used at a particular college would be negotiated at the institutional level. Bi-level bargaining can permit the needs of the particular institution and its faculty to enter the bargaining process, and preserves the negotiations from interference by political or state education authority. Because the constraints of state laws, which are designed for traditional public employees, do not take the peculiar nature of faculties and of higher education into account, imaginative administration is required to bring off bi-level bargaining. When relations between administration and faculty are good, informal coalitions can achieve these ends as well. In New Jersey, public colleges use local letters of agreement that accommodate the needs of both parties and thus achieve the objectives of bi-level bargaining.

It has also been suggested that the operating budgets of public institutions be split, so that the base for faculty salaries can be appropriated with some ease, while negotiated salary increases, which must be ratified in the legislature where they may meet political opposition and delays, can be appropriated at another time. Splitting budget appropriations in this fashion can avoid holding up an institution's entire appropriation because of failure to reach agreement on salary increases, and should make the bargaining process work more smoothly.

Even with these improvements, faculty unionization poses a problem for institutional harmony. Unionization contributes to the proliferation of state regulation by encouraging an adversarial relationship between state government and the faculties of public colleges and universities.

Collective bargaining will become more difficult as enrollments decline. Procedures to be followed during retrenchment are appearing more frequently in contracts, and some faculties that feel the need for job security are demanding contracts that specify the reverse order of seniority as the basis for cut-backs in salary. It is probably unwise to include specific retrenchment procedures in faculty contracts. Instead, contracts should include provisions for faculty participation in developing retrenchment policies. We also note that retrenchment increases the need for long-range fiscal and academic planning. Contract disputes should not be permitted to blind agencies and institutions to this fact.

In the end, governance on campuses that have faculty unions becomes more political and less cooperative, even under the best circumstances.

Regulation: state oversight and administrative autonomy

Colleges and universities in the public sector have much more government regulation to cope with than private ones. Since they are actually governed by the state, the state institutions need to deal not only with a large and growing cadre of federal investigators, but also with an equally burgeoning corps of state agents. The past 30 years have been marked by steady increases in state efforts to insure accountability for the use of state funds, as institutions grew in size, numbers, and sophistication.

Paradoxically, in the coming period of declining enrollments and retrenchment, the states are likely to increase further their regulation of the public sector of higher education, and also to make inroads into the regulation of the private sector. Financial stringency creates more pressure, rather than less, to ensure that state dollars are properly spent and state-mandated administrative procedures are adhered to.

Our Commission explored the magnitude of the regulatory burden through ten studies prepared for us on current practices in the states of California, Florida, Louisiana, Massachusetts, Nebraska, New York, Ohio, Texas, Wisconsin, and Washington. From them we concluded that regulation is already placing a heavy burden on public institutions in terms of dollar cost, paperwork, and faculty and staff time usually without improving either their accountability or quality enough to justify the burden. These studies show that state regulation of higher education has its origins in a number of different sources. Some regulation is mandated directly by legislation. Additional regulation is required by higher education boards. A third, and increasing, source of state regulation comes from the growing complexity of state systems and the consequent increase in problems of governing them.

The California study reported that "literally hundreds of regulations are issued each year from the central office of the California State University and College System; most require detailed reports and they constitute a far greater burden on campus managers than the reports required by an equally regulatory national government establishment." During 1976, the University of Wisconsin system had to deal with 39 separate audits; eight ordered by the state legislative audit bureau, eight by HHS, one by the Navy, and 22 ordered by the Regents of the University itself. In the state of Washington, a community college that was required to submit 15 reports on personnel transactions in 1973-75, expected to have to provide 300 by 1977-79. And there was no significant change in the number of such transactions over the period!

Although the dollar cost of state regulation is, of course, troubling, public higher education leaders are made even more anxious by their perception that it is eroding institutional autonomy. Academic freedom is fairly well protected. It has become an accepted principle in both public and private higher education. In the past, legislatures and governors have tried, sometimes successfully, to invade the traditional academic authority to decide who should teach and what is taught. Such attempts are now exceedingly rare. Administrative antonomy is less well protected by statute or tradition. Most institutions, except those sheltered by constitutional status (and in some cases even these), are not free to choose the procedural or administrative practices used to manage them.

The Washington study suggests that academic independence has been reduced by state handling of negotiations over faculty unionization and by legislation specifiying requirements for student contact hours. The report cites 26 legislative resolutions calling for study of Washington's higher education system and audits of faculty utilization recently ordered at two senior institutions.

The California study also noted that while legislated regulations have not

invaded the traditional preserves of academic freedom, they have "substantially intruded into areas such as curriculum, degree requirements, and personnel decisions which had previously been left to governing boards, academic administrators, and faculty." The study cited legislative mandates to award credit for remedial writing, to lay off faculty by reverse order of seniority rather than by program need or qualifications, and to disclose faculty evaluations to persons being reviewed for promotion or tenure. The study concluded that:

> *The budget and audit process, letters of intent (accompanying budgets) and committee instructions, informal advice and agreed formulas have become major devices for regulating higher education. . . . Higher education has not been singled out for expanded regulations, however; they have become more common in all state agencies as the Governor, Legislature, and their control agencies have become heavily involved in the management and administration of public services.*

The basic question of state regulation was posed by a senior vice president of the University of Wisconsin:

> *When do we reach the point of diminishing returns when the human and fiscal costs of increasingly rigorous and formal processes of monitoring and evaluation exceed the value of any changes or corrections resulting from such processes? I have an ever increasing feeling that we have reached and perhaps gone past this point of diminishing returns and that we need to give greater emphasis to the concept of delegation. . . .*

The states must retain broad powers of oversight relating to program content if they are to manage the redirection of institutional missions and the orderly contraction of the public sector. However, most state regulations deal with procedural rather than academic matters, such as central purchasing and personnel administration, regulations restricting out-of-state travel, central control over the disposition of overhead funds and revolving funds, and increasing numbers of fiscal and management audits. In effect, state agencies, and more recently state legislatures, are assuming an increasing role in the day-to-day management of public institutions.

Not all public institutions can demonstrate the ability to manage their tax dollars competently and efficiently. In a few institutions, relatively routine managerial data are not available, either to the administrators of the institutions or to the state executive agencies and legislature. Some institutions still regard as esoteric the financial and management controls that any other economic enterprise would consider routine. Finally, public institutions must demonstrate to their external constituencies that they are capable of adapting to conditions of declining demand by making a persistent and effective effort at restraining costs.

Most public institutions are competently administered. Nevertheless, state regulation imposes an increasing financial burden on them, and is gradually moving the locus of administration away from individual institutions where the resources and capabilities for supervising routine administrative matters are greatest, to centralized executive agencies and state legislatures. Since the source of these regulations is also the source of the funds that support the public sector, the administrators and faculty of public colleges and universities are in a poor position to resist state regulation and oversight, even when it is not appropriate or cost-effective.

In a time of financial constraint, state regulation of public higher education, relating to administrative and financial policies as well as program content, is inevitable. As the California study of state governance reported,

> *It is almost inconceivable that any other public agency would request that elected officials provide a budget and a program mandate and then would assert that state government should neither prescribe rules for the conduct of the program nor rigorously hold the program to an agreed set of objectives and methods for assessing the agency's accomplishment of those objectives. In the long run . . . higher education cannot successfully adopt such a strategy.*

But if state oversight of public higher education is not to paralyze the institutional management process that it seeks to improve, it must delegate routine management authority, rather than attempting to manage each public institution from the state capitol. In the vivid words of the California study:

> *A strong case can be made that intensive state regulation of universities is counterproductive: it costs money, stifles creativity and diversity, defeats effective administration, and at its extremes intrudes upon academic freedom. But the other elements necessary to substitute a policy of delegation for one of ever-advancing regulation are only now being developed. Mission statements and evaluation techniques must be devised and adopted that will create sufficient official and public confidence to sustain pleas for a special relationship between universities and state governments, turning on delegated authority and program accountability.*

The vice president for business and finance of a moderate-sized private liberal arts college puts the issue more sharply. He says:

> *If the academy is as astute in analyzing its own future as it professes to be when it addresses itself to its customary disciplines, the realization may dawn upon it that in a world of diminishing resources it would by example teach others how not to grow, how not to render its services at inflationary costs, and how to become less gigantic as gracefully as possible.*

Dissent on Recommendation 2

William Friday

There is still another complicating set of circumstances facing higher education in its relations with state governments in the years ahead. Private colleges and universities have become in the last decade major claimants for state funds. In state after state, programs of public aid to private higher education have been established and funded. Here again, the aid formulas are generally tied to enrollment levels. Moreover, the preponderance of federal appropriations for the support of higher education is now for programs of student financial aid. The Basic Educational Opportunity Grant program is a powerful driving force in maintaining enrollment levels in both state colleges and universities and in private colleges and universities. For many private colleges and universities which have

little or no endowment income and are thus dependent for their survival on student tuition payments, stability or even survival depends on enrollment levels. This is the case because their enrollments largely determine amounts of state aid, and because of the federal dollars that are funneled to them through student financial aid programs. This dependency on public funds is a novel situation for American private higher education, and it raises a series of difficult policy questions of fundamental importance.

Should the private colleges and universities be included in this quality control process? This question points to the single most important dilemma facing private institutions. The private institutions have a unique and vital role in American higher education, and they are an essential part of the diversity of the system.

This quality of diversity is the consequence of the fact that they are private or independent institutions. As many of them become more dependent on state funds, and indeed as they assert a state obligation to provide for them some form of aid, can they continue to be private and independent in the historical meaning of the words? This is one of the most important questions to be faced by the private colleges and universities themselves, and by all of higher education. Simple assertions of the virtues of diversity do not suffice to answer the question, and more and more the relationship of the two sectors of higher education may become antagonistic as they compete for state appropriations.

Earlier in this report we said, "Accountability for public money is inescapable." As public funding to the private sector increases, this accountability almost certainly will soon require that private colleges and universities participate fully in the quality assurance process which should be conducted by academic peer groups through the established state governance or coordinating structures for higher education. If they are to receive public assistance from the state and participate in federal aid programs, then they ought to share in the responsibility for assuring that academic standards and quality are protected. Otherwise, public policy requirements regarding the use of public funds and avoidance of costly duplication and wastefulness would be applied to one segment of higher education and not to the other while both are being funded from state and federal sources. A voluntary program in all likelihood could not meet public policy requirements for academic accountability.

Dissent on Recommendation 2

James R. Killian

I do not concur in the recommendation "that each state arrange for a periodic review of the quality of educational programs at every public college and university within the state" and with the statement that "inclusion of the private as well as public sector is probably desirable." Long experience leads me to fear the intrusion of the government in reviews of program quality. I fear that the assumption by the states—or the federal government—of accreditation will inevitably lead to dangerous governmental control even though the original arrangements seek to avoid harmful governmental influence on academic decisions. While the report suggests that state should "invite but not require private colleges and universities to participate in the academic program review process," I fear that the public institutions would feel that the non-participation of private institutions would be discriminatory, that pressures would inevitably increase for the mandatory inclusion of private institutions, and that indeed the adoption of the

recommendation in this report would be but a "first step on the slippery slope to public control." I recognize the dangers inherent in the possibility that weak public institutions will be kept alive by state funds and that private institutions will take the brunt of declining enrollments. Nevertheless, I much prefer to leave the review process to the non-government, regional, and other accrediting agencies with every effort being made to strengthen these accrediting agencies.

The Management of Universities of Constant or Decreasing Size

Richard M. Cyert

One of the important factors in university planning today is the possible decrease in enrollments during the 1980's. A recent publication states, "Higher education in the United States has grown throughout most of its 340 years. Now it faces a quarter of a century of little growth or no growth in enrollments for the first time in history. In two decades, 1870 to 1880 and again in 1960 to 1970, enrollments have doubled and also the greatest advances have been made."[1] Since the students of the 1980's were born in the 1960's, there is little uncertainty connected with such predictions. The percentage of high school graduates going on to higher education might increase enough to compensate for the smaller number of graduates, but there is no reason to expect that kind of change. Looking just at private institutions, we must conclude that the problem is even more severe. The private sector continues to lose students to the public sector. This phenomenon occurs because of enrollment ceilings in the prestigious private institutions and the influence of lower tuitions in public universities.

These kinds of considerations lead to questions about the techniques for effectively managing a university that is of constant or contracting size. In most of the literature on organization theory and management practice an implicit assumption is made that the organization is expanding or is interested in expanding. This bias comes from the concentration on the business firm where the motivation is always for increasing sales, increasing production, and increasing profits. Many questions arise as to how universities that are contracting can maintain excellence, stimulate high motivation in the participants, develop innovative programs, achieve fiscal equilibrium, and continue the viability of the organization.

Organizational characteristics

Universities by their nature are difficult to manage under the best of conditions. They are decentralized organizations in which colleges, departments and faculty members are the organizational units. The product is a service that is delivered by a faculty member under conditions that make it wrong for a manager to observe the delivery of the service. The traditions of academic freedom guarantee the inviolability of the classroom. Thus the academic manager—department head, dean, provost, president—will discover problems with the delivery of the product only through the complaints of the student, who is paying to receive the service.

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The faculty member not only has independence in the classroom but also gains additional independence because he is a source of revenue to the organization through his research efforts. By getting outside grants he pays for part of his salary and part of the overhead expense of the university. If indefinite tenure is added to the other elements of independence, it can be seen that the concept of "managing a faculty member" can be difficult.

Deans and department heads, being faculty members, can have the same independence. In addition, by building good relations with the faculty members in their department or college, the deans and department heads can acquire a political base that gives them some independence for their administrative jobs.

In short, the university lacks, to a great extent, the elements of authority inherent in the business organization. The hierarchical structure exists but does not carry the same meaning with respect to the reward system or to the roles of subordinates.

When the organization is functioning effectively, as measured along educational, research and fiscal dimensions, the structure may present little difficulty because only limited central action is necessary. The situation is quite different when a contraction in size is forced on the organization, and it becomes clear that the central administration must take action. The contracting process brings with it conflicts of all kinds in contrast with an expanding organization.

Organizational participants

Everyone concerned with organizations in our society needs to readjust his/her thinking with respect to the criterion of success. The nature of a market economy makes growth a measure of success. Any organization producing products that are satisfying the market will tend to grow; those organizations that are not will tend to shrink. Thus, we are inculcated by the market system with the idea that growth is good and comes to those organizations that are doing the right things. Further, growth is a creative force in the society. It produces new opportunities for participants in the organization, as well as for other members of the society. Some of the beauties of an expanding organization can be understood from the following description:

> *Even a moderate rate of growth in an organization may produce as many (or more) promotional opportunities as are provided by normal replacement—at least in the short run. Even a five percent annual growth may double the annual number of promotions that can be made at each level. This will probably have the effect of (a) increasing each employee's chances of reaching the higher positions, and (b) reducing the average age at which promotions are made. As a result of the growth, larger numbers of employees will also have to be brought in at the lower levels, hence increasing the competition for promotion after the initial impetus has been spent—but still retaining promotional opportunities at a higher level than in a static organization.*[2]

For any given organization, the opportunity for promotion for participants decreases as the rate of growth decreases. This reduction in the opportunities for promotion is, perhaps, the most difficult element to manage in a contracting organization. The low probabilities of progressing in the organization considerably decrease the organization's ability to attract first-rate participants into the organization. This difficulty is compounded when there are organizations in the society that are in an expansionary phase. When an organization is unable to attract outstanding new participants then it suffers a reduction in the input of new ideas and

in the supply of future leaders. As a result, the cadre of experienced people available for promotion to the top positions in the organization may not contain the number of high quality individuals desired. The university may be forced to look outside for individuals for top professorships, for example. Thus, the probability of attaining a top post for those within the organization is reduced further, and the job of attracting bright young people into the organization is made even more difficult.

In fact, the vicious circle in which one action leads to a second and to a third, all of which are detrimental to the organization, is a characteristic of a contracting organization that the university community must try to avoid. The trick of managing the contracting organization is to break the vicious circle which tends to lead to disintegration of the organization. Management must develop counter forces which will allow the organization to maintain viability.

Financial deterioration

A good example of the vicious circle exists in the financial problems inherent in the private university. The university begins to suffer financial reverses because of a decrease in the student body and its only recourse is to increase tuition. An increase in tuition itself will eventually lead to a further deterioration in the number of students coming and so a vicious circle begins. Other examples can easily be adduced. In order to justify a higher tuition the private university must achieve a level of greater excellence than the public university. To reduce costs, university managers reduce the salary increases paid to faculty and reduce the number of outstanding new faculty hired. Then, gradually the university's excellence will deteriorate and it will no longer be in the position to justfy the higher tuition cost.

In all of the cycles involving financial deterioration one obvious solution to breaking the negative loop is to find more resources. Generally these resources are difficult to find in the environment or the university would not be in a contracting state. The best source of increased resources is improved internal management. The technique is to find ways of achieving approximately the same quality level of education and research that has been achieved but to achieve it with fewer resources. Achieving that result means that management, someplace within the system, has increased productivity.

Management

More generally, it is imperative that the university be well managed when the organization is contracting. This goal is difficult to attain because the greater rewards offered to superior managers in expanding organizations reduce the supply a good managers for universities. The achievement of this end is made even more difficult because academics resist being managed by expert managers and seek to have an academic in the top management position. Only rarely will this approach lead to an excellent manager. This aspect is characteristic of hospitals as well as universities. In universities, the faculty is the dominant participant group and it tends to abhor the concept of administration in general and looks toward a scholar to succeed to the top management position. In hospitals where the physicians are the dominant participant group, they wish to be responsible for the important decisions and tend to make the hospital administrator a less important figure. In both of these organizations, however, as the stress from the environment becomes greater and as the deterioration of the organization becomes more obvious through financial decay, it becomes possible to put greater emphasis on managerial ability.

Inflation

The problem of the survival of a university that is not growing is exacerbated when one postulates an inflation rate of five to seven percent within the environment. The inflation factor means that the organization must continue to get an increase in its total revenues equal to the rate of inflation if it is to achieve a constant dollar equilibrium. It is clear that economies due to management cannot achieve continued savings. Inflation means that certain expenses continue to increase and that the organization can meet them only by acquiring additional revenue. If the revenue is not acquired, the university eventually becomes bankrupt. If the revenue is acquired by continued tuition increases, it is likely that the organization will be forced into a vicious circle of the kind described. This analysis assumes that higher tuitions will have some impact on student demand for the university's services.

There are other aspects of remaining a constant size in an economy that is experiencing inflation that plague the university. One of these is the role of outside activities of the faculty. It is common, and most universities encourage it, for faculty members to have outside consulting arrangements that will increase the faculty member's professional skills and lead to research and publication. Most universities have some limitation on the amount of time a faculty member may spend on such assignments but the faculty member is given the responsibility as a professional to police himself on both the amount of time spent and the quality of the assignments. In the best of times, there are faculty who behave unprofessionally. In a period of no growth and falling real income, the temptation to increase the amount of time spent on outside work will tend to become overwhelming. Faculty who have the opportunity, will focus on the income involved rather than the intellectual quality of the assignment and will, in effect, become part-time faculty. There is an obvious source of potential conflict here if the university management attempts to correct the situation.

Strategic planning

I have painted this dismal picture because there is another alternative that is important to examine: the development of a new strategic plan for the organization. A university that cannot operate successfully in the conventional way may need to reexamine the areas in which it is offering educational services. It may be possible to develop a plan for operation that would eliminate some of the educational areas where the university is losing money and move into other areas in which the organization has expertise, such as research. Stated more succinctly, it may be possible for some private universities to operate more as a mixture of a research institute and an educational institution than is currently done. Since such universities now offer both educational and research services as part of their product package, the strategy seems feasible. The examination of a new strategic plan would reduce the emphasis on producing educational services and increase the production on research services. Thus students would become less important and outside research contracts and grants more important.

This example illustrates only one strategic alternative. More generally there is a need when an organization is contracting to find a new mix of services that can allow it to attain an equilibrium position. Some universities will disappear because there are no services or mix of services that can win support. A good strategic analysis should uncover such a situation and allow the organization to close its doors in an orderly and dignified manner.

In essence, we are suggesting an approach that is similar to diversification

in the business firm. It should be clear that this type of strategy is only one of many possible strategies for a university. Nevertheless, it is worthwhile discussing because it does carry with it potential danger. That danger stems from too great an emphasis on survival—almost survival at any cost. It is probably always possible for a university (or any organization) to survive if it is not committed to a set of guiding principles that prevent it from being infinitely flexible. The university seeking alternative strategies must be wary of being seduced into becoming an applied research institute with no standards as to the type of research it does. The path to such a position is characterized by an increasing emphasis on contracts and a decreasing emphasis on grants. The contracts tend to prescribe the type of research that must be done and faculty members soon find themselves, in essence, doing research that is not of basic interest to them. Its only virtue is that it pays part of the salary of the researcher. Such a strategic path must be avoided. The university must not only survive, but it must survive fruitfully.

Strategic planning is generally difficult to do within universites, but it becomes more difficult during a period of contraction because certain functions may have to be eliminated. Planners must change their orientation to think in terms of attaining an equilibrium by contraction rather than growth. In addition, financial criteria must be given a heavy weight in developing criteria for eliminating activities and such an emphasis is contrary to academic thinking. In short, the type of planning that is necessary for survival requires a significant change in thinking. Clearly, strong leadership is necessary to produce meaningful strategic plans under the circumstances.

It is, of course, far better to begin the strategic planning process before organizational slack is completely dissipated.[3] It is always possible to use some of the slack to ease the transition of the organization to new paths or as side payments to gain the cooperation of certain units.[4] As the pressure builds, the slack will be used to help balance the budget. The early and quick reduction of expenses of a unit generally reflects the elimination of slack that had been built into the organization when times were better financially.

When the organization fails to achieve some well-defined goal (balanced budget, entering class enrollment), the organization will be motivated to search for explanations. Only when it is convinced that a real problem exists, that the structure of the environment has somehow changed, will it be prepared to engage in serious search. The university, like the firm, exhibits problemistic search.[5]

In particular, the university follows simple-minded search procedures and generally searches in the neighborhood of the problem symptom. If the enrollment is down, the admissions department must be doing something wrong. If there is a shortage of funds, get a new president because it is his job to raise an adequate amount of money. It is only when the organization has lived with the problem for a time and has begun to develop a more sophisticated model of causation that the organization can begin to make real progress on its problem.

Where solutions are hard to find, and they are harder the greater the contraction, the danger is that aspirations for the organization and for the individual will be reduced in the minds of faculty members. The real danger in contraction is that individuals who by nature desire excellence will begin to settle for mediocrity out of frustration.

Motivation for excellence

In a contracting organization it is frequently difficult for the participants to maintain the desire to achieve excellence. Some of the difficulty stems from the fear

that if the organization is not expanding, and in fact is contracting, that it is going to become defunct. The alternative concept of an organization reaching an equilibrium size at a smaller level must be made clear to the participants.

The concept of an equilibrium at a smaller scale of operation is one that is difficult, psychologically, to accept. Under conditions of contraction, however, it is necessary to reexamine the scale of operation of the university. When inflation is present also, the problem of finding the proper scale of operation becomes even more difficult.

The usual way of finding a new equilibrium for a university when students were plentiful was to increase the student-teacher ratio by adding more students. This move forced greater productivity on the faculty but risked adversely affecting the quality of education.[6] With contracting size, stimulated by fewer students, everything must be brought into the proper proportion—faculty, space, research, administration, and staff. At the new equilibrium, there will undoubtedly be rooms and even buildings that are closed and taken completely out of use. Administrators must become less specialized—the admissions director may also have to be the financial aid director, the vice-president for business operations may also have to be the controller, the president may have to do without a provost, colleges may be merged, and so on. The new equilibrium at the smaller size will, in many respects, be a new university.

Once the concept of an equilibrium position at a smaller size is understood and the fear that the organization is on the road to disintegration is eliminated, it is necessary to develop positive programs oriented toward attaining an increased level of excellence for the organization. These programs may be designed to strengthen the subunits of an organization such as the departments within a college or to improve the quality of an important activity such as the delivery of educational services.

A positive program will, of course, require funds that can be utilized for its implementation. These funds may be obtained from foundations, the utilization of reserves, if they exist, or from a reduction in expenditure in another part of the organization, for example, the administration. A positive program that is designed to change the attention focus of the faculty from survival to excellence will be most effective when it provides money for faculty to develop an idea. One effective approach is to make funds available for some objective or set of objectives such as improving teaching or seed money for new research through a faculty dominated internal foundation. Faculty are stimulated to submit proposals and another set of faculty determine which proposals are financed. The point is that a concerted effort involving the faculty directly will help make the organizational goal of continued excellence real to the participants.

Further, the program focuses the attention of the administration as well as the participants on goals that are professional in nature as opposed to the constraints, which are generally financial or physical (e.g., buildings, facilities, etc.). In fact, the major leadership tasks under conditions of contracting or constant size are to maintain the attention focus of the faculty on the professional goals of organization and at the same time to follow managerial policies designed to produce the efficient utilization of resources.

The university administration must be careful to maintain standards of excellence in the face of financial pressure. Promotion and salary decisions, for example, should not be made on the basis of a faculty member's capacity to raise money from outside contracts to support his salary and research. Further, the university administration must recognize a limit on the proportion of a faculty member's salary that can be financed from outside. The educational goals of the university cannot be compromised.

Conflict resolution

Within any organization conflicts tend to arise between the goals of subunits and the over-all goals of the total organization.

In an expanding organization these conflicts can generally be solved by the simple expedient of finding more resources and applying them appropriately to enable the subunit goals to be achieved without violating organizational goals or constraints. This approach is used in profit-making organizations also. Organizational slack makes the managerial life an easy one because the manager does not have to resist the pressures of the subunits as vigorously as when resources are scarce, as they are in a contracting organization.

In an expanding organization a subunit strives to get more of the organizational resources, frequently by using the argument that strengthening its ability to achieve its professional goals is in conformity with the organization's goals. Knowing that this type of argument has a good chance of being successful provides an incentive for a subunit to be innovative. In a contracting organization the danger is that the subunits will become concerned only with survival, with maintaining a constant rather than an increasing flow of resources, and will no longer strive to improve their capacity to achieve their professional goals. Rather than become "squeaky wheels" the subunits attempt to become "unobtrusive wheels" so that the administration will not use the excuse of the squeaking to eliminate them.

These subunits attempt to behave in such a way that they will go unnoticed and, therefore, untouched. They exhibit little desire for reform but want only the status quo. Such units make it difficult for the organization to improve itself. An organization filled with such units cannot reform itself and a university in such a position cannot achieve the excellence it needs to survive.

Conflict resolution will be more difficult in a contracting organization because the easy method of utilizing more resources for resolution is not available. At the same time it is likely that more conflicts will arise than in an expanding organization because of the emphasis that subunits and participants place on survival. The added dimension of participants competing within a subunit for a limited number of positions and subunits competing with each other for a limited number of organizational slots within the total organization clearly increases the tension level in the organization. The concentration on survival will, therefore, tend to increase the number of conflicts within the contracting or constant size organization since survival of individual subunits or participants will not generally be an over-all organizational goal. Conflicts will tend to be oriented to resource distribution. More specifically, conflicts will tend to focus on inducements and contributions where equity and justice will be evoked as criteria.[7] The conflicts are also exacerbated by the fact that the contracting organization is usually in an industry or region that also contracting so that the mobility of the participants is reduced.

In a business organization the causes of a contraction can be more easily determined than in a non-profit organizaiton. A recession in the economy or an increase in competition may be diagnosed as the reason for a fall in profits. Further, the business organization can more easily deal with the conflicts resulting from contraction.[8] Profit is a well-defined criterion of performance and simplifies the measurement of the performance of subunits. Having a quantitative method of evaluating subunits gives management an objective method of settling conflicts. This insight can be a useful heuristic for analyzing conflict resolution methods within the contracting organization.

After all efforts have been made to increase resources within the

organization by improved management, more gifts, or higher prices, it will be clear that the internal conflicts remain and these will be forced to the attention of top management.[9] The tendency is to deal with these conflicts through a series of ad hoc decisions made by the head of the organization. These decisions are referred to as ad hoc because there is no generally accepted and publicly known set of goals and priorities for the organization. In universities this condition means that knowledge does not exist within the organization on the relative priorities for resource allocation of the individual colleges. The program for attaining a goal is critical as a first step in the solution of such conflicts. The goal structure provides a framework with an objective basis for the resolution of conflict. Secondly, it is necessary to develop measures of performance, particularly for academic units. The main technique for resolving conflicts arising within contracting organizations is to find objective criteria on which agreement among the contesting participants can be achieved. Without a broad framework and specific measurements the resolution of conflicts will tend to be based on political considerations—how many decisions have gone against a particular group, what is the effect on the status of the department head or dean of a negative decision, or what will happen to the morale of a department if another decision goes against it. The aim must be to improve the availability of the quantity and quality of information available for rational decision making.

Conclusions

The study of contracting or constant size organizations has received relatively little attention in the management or organizational literature. Growth and expansion have tended to be the objectives of most organizations and the criteria by which success has been judged. It is clear, however, that in education we must be concerned with the management of organizations that are not growing. The problems that must be handled are clear. An equilibrium size must be established as a target. Provisions must be made to keep a constant flow of new participants and ideas into the organization. In order to attain a stable equilibrium it may be necessary to develop an early retirement program. Attention must be given to the programs that will keep participants striving for excellence even though there is no growth. Conflicts must be settled objectively. Efforts must be made to keep an adequate flow of information to the participants so that excessive demands for compensation and fringe benefits are not made. At the same time management must prevent the development of an attitude among the participants that their interests are not being given adequate attention. This attitude can lead to the development of subunits with divergent goals from the organizational goals.

The major problem for the organization reaching a static equilibrium is gaining adequate revenue in the face of inflation. Constant size may mean that revenue is also fixed. There must be attention given to increasing the endowment and the gifts to get a higher income. At the same time a continuing effort must be made to find new managerial efficiencies that result in cost savings. There is no simple solution to the problem of managing universities of constant or contracting size. It will be a crucial one since the outlook for the United States and probably for the Western World is for contraction with inflation.

University presidents must take an analytic approach in the hope of developing policies that will counteract the debilitating tendencies of contraction. New ways of thinking about management of universities must be developed if universities are going to play the critical role for our society in the future as they have in the past.

Notes

1. *The States and Higher Education*, A commentary of the Carnegie Foundation for the Advancement of Teaching (San Francisco: Jossey-Bass, 1976), p. 5.
2. H. A. Simon, D. W. Smithburg, and V. A. Thompson, *Public Administration* (New York: Knopf, 1950), p. 345.
3. Richard M. Cyert and James G. March, *A Behavioral Theory of the Firm* (Englewood Cliffs, N.J.: Prentice Hall, 1963), pp. 36-38.
4. *Ibid*, p. 29.
5. *Ibid*, pp. 120-122.
6. There is conflicting evidence about the effect of class size on educational quality. *Cf.* Dubin.
7. Simon, et al., pp. 498-499.
8. *Cf.* H. G. Rainey, R. W. Backoff and C. H. Levine, "Comparing Public and Private Organizations," *Public Administration Review*, Vol. 36, No. 2 (March/April 1976), pp. 223-244. This paper contains a relatively exhaustive list of propositions about the differences that exist between the two types of organizations. See R. M. Cyert, *Management of Non-Profit Organizations* (Lexington, Mass.: D. C. Heath and Co., 1975), pp. 7-14, for a discussion of some similarities between the university and the business firm.
9. Some of these conflicts may be resolvable by zero-based budgeting. *Cf.* Peter A. Pyhrr, "The Zero-Base Approach to Government Budgeting," *Public Administration Review*, Vol. 37, No. 1 (January/February 1977), pp. 1-8.

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